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Suslov, 79, Dies; Kremlin Ideologist

Top Guardian of Communist Dogma Succumbs After 'Brief, Grave Illness'

By Dusko Doder

Washington Post Service
MOSCOW — Mikhail A. Suslov, 79, the high priest of Communist dogma for more than three decades and the second most powerful member of the Kremlin leadership, died Monday after "a brief grave illness," Tass announced Tuesday. The cause of his death was not dis-

Mr. Suslov has been the gray eminence of the Soviet regime and the indisputable guardian of the doctrine by which it rules. First elected to the ruling Politburo in 1952, he wielded supreme authori-ty while remaining behind the

He knew no rival in the degree of his unshakable advocacy of orthodox Communism. This and the fact that he did not aspire to become the leader made him not only the ultimate interpreter of Marxism-Leninism, but also the kingmaker in the Politburo.

It was not that he was remarkable for any outstanding theoretical contributions or for a profound knowledge of Marxism. Apart from high intelligence and agility of mind, Mr. Suslov had the ability to provide an ideological justification for practical party policies and an unusual gift for manipulat-

He played a key role in assessing

countries, which made him a decisive factor in Moscow's actions, ranging from the 1956 suppression of the Hungarian rebellion and id-eological quarrels with Yugoslavia Czechoslovakia and Soviet atti-tudes toward the current Polish

In his last theoretical speech published this month, Mr. Suslov still talked about the creation of a "new Soviet man" as being "the most important task" before the country. His last pronouncements on changes in the Socialist world addressed to Poland included the warning that "any deviation from our revolutionary teaching brings with it fatal consequences."

His departure from the scene appears to mark the end of an era. He was the last senior survivor of the Stalin period, senior to all his colleagues. He joined the Communist Party in 1921, 10 years before President Leonid L Brezhney, Mr. Suslov also became a member of the Politburo in 1952, five years before Mr. Brezhnev joined the very apex of Kremlin power.

Mikhail Andreevich Suslov was born into a peasant family in a vil-lage on the Volga, near Ulyanovsk, on Nov. 21, 1902. As a youth he is said to have joined a committee of poor peasants protesting czarist

His academic career was brilliant. He was graduated from the

STANDARDEZ

A young hopeful waiting outside a London employment office

Tuesday reads the bad news about Britain's 3 million jobless.

Passes 3-Million Mark

By Leonard Downie Jr.

LONDON - Unemployment in

Britain rose above the politically

sensitive level of 3 million Tuesday

for the first time in the nation's history, exceeding the number of

obless during the worst of the

12.7 percent of the work force -

struggles to recover from its worst

though that represented a larger

proportion of a smaller working

labor market by a 1960s baby boom has made rapidly rising un-

employment a pressing economic

and political problem throughout Western Europe, but only Belgium

and Spain now have higher unem-

- Michael Foot called the new fig-ures "an appalling disaster." The

employment spokesmen for the

new Social Democratic Party, John

Grant, said they are "the unmis-

takable symbol of the abject and

humiliating failure" of the mone-

tarist economic policies of Prime

Minister Margaret Thatcher's

Industrial Output Up

by shouts of "resign" and shame." Mrs. Thatcher defended

her policies and pointed to signs that the battered British economy

is beginning to recover from the re-

cession. She said there was "a cer-

tain amount of encouraging news"

in increases in overtime work and

job vacancies included in Tues-

business leaders have recently em-

phasized the other side of the un-

employment coin. Industries

forced by the recession to shed la-

bor - with tens of thousands of

workers laid off by each of the big-

Thatcher supporters and some

day's figures.

Greeted in Parliament Tuesday

Conservative government.

Opposition Labor Party leader

ployment rates than Britain.

Recession and saturation of the

1930s Depression. A record 3,070,621 Britons

pace is are without jobs as the country

recession in a half century. Unem-

ployment during the Depression peaked at 2.9 million in 1932, al-

population.

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Mikhail A. Suslov

in Moscow in 1928 and later taught at Moscow University and the Stalin Industrial Academy. Among Mr. Suslov's students at the academy were Stalin's wife Na-dezhda Alliluyeva and Nikita Khrushchev, who was later to replace Stalin. Both played a part in

Mr. Suslov's subsequent career. His first responsible position was one of a party watchdog. In 1931, he was made an inspector of the party's Central Control Com-mission seeking suspects who entertained unorthodox views. He was in charge of purges in the Ural and Chernigov regions from 1933 to 1934 and subsequently worked in one of the biggest internal undertakings of the Stalinist regime

known as "the great purge."
The scope of the 1934-37 purge was vast. Western experts say that as many as 8 million people were put into Siberian concentration camps. Of the 1,961 delegates to

(Continued on Page 2, Col. 1)

Reagan Pledges A 'Much Better' U.S. Economy

WASHINGTON - President

Reagan vowed Tuesday to stick with his economic course and called for a "bold and spirited ini-tiative" that sources said would transfer \$50 billion in federal programs to state and local govern-

In remarks prepared for his first State of the Union address, the president promised that the sagging economy would get "better, much better." At the same time, he said he would not neglect the na-

"Contrary to some of the wild charges you may have heard, this administration has not and will not turn its back on America's eld-erly or America's poor. Under the new budget, funding for social insurance programs will be more than double the amount spent only six years ago," he said.

The only alternative to his program of deep cuts in taxes and spending, Mr. Reagan said, was "a return to the policies that gave us a utillion-dollar debt, runaway inflation, runaway interest rates and unemployment.

He said the budget plan he will submit shortly "will realize major savings by dismantling the Departments of Energy and Education, and by eliminating ineffective sub-

We will continue to redirect

differences over Poland "cast a long and dark shadow" over all East-West issues.

In a press conference, Mr. Haig

sought to leave the impression that his discussions with Mr. Gromyko

were as chilly and confrontational

as he and his aides had advised be-

There seemed to be no agree-

ment on any major issue and Mr. Haig said that he told the Soviet

foreign minister that the United

States would not agree to the start

of negotiations on strategic arms

reduction until "conditions per-mit" — apparently meaning an im-

provement in the Polish situation.

very sober," Mr. Haig said.

Airline Tensions

There is increasing concern

that the rapidly deteriorating

financial condition of half a

dozen major U.S. airlines

threatens to force one or more

The Vietnam Was era's only

convicted spies, caught steal-

ing U.S. documents for the

Communists in a classic

espionage case, began serving 15-year terms after final appeals failed. Page 3.

into bankruptcy. Page II.

Vietnam Spies

INSIDE

"All in all, the discussions were

There was no statement by ei-

forehand that they would be.

budget priorities — a strong na-tional defense to keep America free and at peace, and a reliable safety net of social programs for those who have contributed and those who are in need," he said.

With the basic components of his economic program already in place. Mr. Reagan said, his next major undertaking would be a program "to make government again accountable to the people, to make our system of federalism work

president said his plan would accomplish "a realignment that will end cumbersome administration and spiraling costs at the federal level while we insure these programs will be more responsive to both the people they are meant to help and the people who pay for

He called it a "bold and spirited initiative that I believe can change the face of American government and make it again the servant of the people.

Mr. Reagan, recently criticized for a decision involving tax exemptions for schools that discriminate, also reaffirmed his commitment to civil rights for blacks, equal rights for women and to attacking crime. Mr. Reagan's speech also mentioned Poland and the arms race.

In addition, sources said Mr. While the president has rejected Reagan's plan would trim \$63 bilexcise tax increases to cut the fedlion in benefit programs, excluding

ministration and congressional

eral budget deficit, he was calling Social Security, over the next five for closing "tax loopholes," a step that could raise \$18 billion over

In the first phase of the transfer the next two fiscal years, said adof federal programs, Mr. Reagan will ask Congress to create a feder-alism trust fund of about \$28 bilsources, asking not to be identilion a year to help the state and local governments pay for their

Mr. Reagan is proposing that

the federal government pay for the Medicaid program of health care for the poor, which costs \$19.1 bil-lion a year. The states will pay the \$16.5 billion annual cost of welfare

and food stamp programs.
In addition, from 1984 through 1987, the federal government would turn over to the states about 40 additional programs costing about \$30.2 billion annually.



President Reagan, with the speaker of the House, Thomas P. O'Neill Jr., at his side was the host at a White House dinner party in the Blue Room for congressional leaders of both parties.

Electors Pick Koivisto to **Inauguration Today**

Of Former Premier HELSINKI - Finnish Premier,

Mauno Koivisto, who was virtualter last week's initial electoral college voting, was voted his country's ninth president and the first Social Democratic head of state A special college of 301 popular-chosen members elected him

with 167 votes. gurated on Wednesday, won 145

Soviet-Finnish Ties

He has promised his 4.7 million countrymen that he will maintain their concord with the Soviet Union. A special Soviet-Finnish rela-**British Unemployment** tionship was built up by his prede-cessor, Urho Kekkonen, 81, during 25 years in power. Mr. Kekkonen resigned in October because of

Mr. Koivisto, 58, has said that he will continue the Kekkonen policy of maintaining Finland's West-ern political, social and economic traditions, "Finland's position is recognized," he said after the bal-lots were counted. "We have all reason to believe that the economic and social development will continue along recognized lines." Mr. Koivisto has also said that he will adopt a less arrogant approach to

will turn for the better between the United States and the Soviet Union because "I believe reason

Soviet Acceptance

and security links with Finland after bitter frontier fighting during World War II, has indicated acceptance of Mr. Koivisto as presi-

ruled Northern Ireland. Meanwhile, as striking engineers were preparing to start their seventh stoppage on Wednesday, the management of Britain's stateowned rail system announced the ate Koivisto. suspension of Sunday services.

The decision was aimed at cutting payments of about £1.5 million to nonstriking workers who are idle because of the Sunday strikes called by engineers. It was also aimed at seizing the initiative from the strikers, though the effect will still be to leave the nation

gest private and government-owned firms — have significantly

improved their productivity.

Workers also have agreed to lower pay raises and called fewer strikes

Industrial output and company

profits started to increase at the end of last year, but economic ana-

lysts forecast only a modest rise in

the gross national product of 1 or 2 percent this year, which means that Britain would still be pro-

ducing significantly less than when Mrs. Thatcher took office in 1979.

ers and members of her own party

in Parliament to approve spending increases in the next government

budget to stimulate the economy.

Her Cabinet, which has been deen-

ly divided on this question, meets

this week to discuss the budget,

which will be presented to Parlia-

ment to be worst outside relatively

prosperous Southeast England

around London, with a 16-percent

obless rate in northern England

and Wales, 15 percent in Scotland,

and nearly 20 percent in British-

The figures showed unemploy-

ment early in March.

Mrs. Thatcher remains under

ressure from many business lead-

during the past two years.

Unemployment in Spain

MADRID (AP) — Unemployment in Spain reached 1,743,789 in 1981, or 13.57 percent of the country's active labor force of near 13 million, the National Institute of Employment reported Tuesday.

Lead Finland

ly assured a presidential victory af-Tuesday, election officials said.

Mr. Koivisto, who will be inau-

office than his predecessor.

leading political source said Mon-Finns want to talk more about broad foreign policy and less about the Soviets. With Koivisto, there will be more discussion. more initiatives toward peace and more interest in the Third World."

The Kremlin has been used to dealing with Mr. Kekkonen's Center Party but after failing to see its preferred candidate win nomination it resigned itself to the moder-

in national voting last week as a Socialist triumph, but the self-educated former longshoreman is a keen monetarist and supporter of a mixed economy. As expected, the National Coali-

tion Party candidate, Harri Holkeri, received 58 votes. Parliamentaspeaker Johannes Virolainen. the candidate of the rurally based Center Party, received 53. The Swedish People's Party candidate. Jan-Magnus Jansson, and Kalevi Kivistoe for the Communists and their allies received 11 votes each. The only woman candidate, Helvi Sipilae, a liberal, received one vote.

Terms Discussions 'Very Sober' By Bernard Gwertzman ther Mr. Gromyko or Soviet think in that sense, the discussions spokesmen in Geneva on the talks, the first between Mr. Haig and New York Times Service GENEVA — U.S. Secretary of State Alexander M. Haig Jr. said Mr. Gromyko since they held nine and a half hours of discussions in Tuesday after almost eight hours of talks with Soviet Foreign Minis-ter Andrei A. Gromyko that their

Haig-Gromyko session. the talks, Mr. Haig and Mr. Gromyko met alone for the entire meetings — nearly three hours in the morning at the U.S. mission here and five hours at the nearby Soviet mission — accompanied only by their interpreters.

cate.

Asked if the discussions had improved East-West atmosphere or

the ties between the two countries, Mr. Haig said, "I don't think the purpose of the talks was to improve Soviet-American relations or East-West relations in general." "Quite the contrary," he said.

were more than justified and I left with a feeling of satisfaction that it was indeed the right time to hold such discussions."

The talks, according to Mr. Haig, were "far-ranging" and were quite detailed, and allowed both he and Mr. Gromyko to raise whatever issues they wanted. He said that despite Mr. Gromyko's statement on Monday that he would refuse to discuss the Pol-

ish situation, Poland was discussed in both sessions Tuesday. When asked about this apparent contradiction in Mr. Gromyko's position, Mr. Haig said the Soviet foreign minister emphasized that the crackdown in Poland was that

country's internal affair, but that within "the context" of that position, "Yes, we had a two-sided discussion," Mr. Haig said. [In Bonn, meanwhile, French Prime Minister Pierre Mauroy was quoted Tuesday as saying that the United States had no right to de-mand that its allies impose sanctions against the Soviet Union un-

[Chancellor Helmut Schmidt said Tuesday in a speech at the Evangelical Church (Lutheran) Academy in Tutzing, West Germa-ny, that the West at the European Security Conference in Madrid should ask the Soviet Union to end the repression in Poland, according to United Press International. The conference reconvenes Feb. 9.]

France-Italy Traffic Halted

CHAMONIX, France - Road traffic between France and Italy through the Mont Blanc and Frejus tunnels was halted Tuesday by a work-to-rule strike of French

Poland's Parliament **Approves Martial Law**

WARSAW — Polish parliament as voted with almost no dissent to legalize the martial law regulations mposed more than six weeks ago. The vote Monday night in the Sejm, or parliament, was held after

six hours of debate. It gave formal legal status for the first time to the four main martial law decrees anti the rules passed under them. Warsaw radio said. Two non-Communist Party

members were jeered for voting against the measures, put before the first parliament session since the Polish premier, Gen. Wojciech Jaruzelski, announced the military takeover on Dec. 13. In another development, the In-

ternational Committee of the Red Cross reported Tuesday in Geneva that Poland has allowed Red Cross delegates to visit prisoners de-tained under martial law rules. The move was unprecedented among Communist Eastern European countries

Almost 500 Prisoners Seen

The Red Cross communiqué said that delegates of the humani-tarian agency interviewed almost 500 prisoners at two camps on Friday and Sunday. It said the dele-gates distributed 525 kits with toi-letries and personal articles.

The resolution passed in the Pol-ish parliament Monday night sin-gled out the United States for its opposition to the declaration of martial law

"The Seim of the Polish People's Republic expresses deep concern over the ventures made by the gov-ernment of the United States of America, which hit out at the traditional friendship between our na-tions," the resolution said. It denounced what it called U.S. "economic restrictions, political blackmail and the flagrant attempts to interfere in Poland's internal af-

Moderation Promised The resolution said military rule

"ought not to last longer than necessary. The restrictions of civic freedoms and normal conditions of life arising from martial law ought to be gradually moderated." The two members of parliament who voted against the ratification martial law were Janusz Zablocki, of the Polish Catholic-Social Union, and Karol Malcuzynski, an independent. Mr. Zablocki, whose party has five seats in the 450-member parliament, strongly

criticized the vote in a lengthy ad-

dress to the body Monday night. He also alleged official pressure on workers to resign from Solidarity, the independent union federation, and to sign statements of lovalty to the authorities. "They are asked to sign various declarations under the threat of losing their jobs," he said. "This is happening not only in ministries, central offices and the administration, but also in law courts and the prosecutor's office, in the journalistic com-

munity and in certain scholarly institutions. Meanwhile, as Warsaw radio was reporting the parliament vote. prominent academics, artists and journalists delivered a petition Tuesday to Justice Minister Svlwester Zawadzki that demanded martial law be ended, a signer

"We demand an immediate end to the beating, mistreatment and

harassment of people deprived of their freedom," the petition said, We call for the issuance of a full list of internees and arrestees, including their whereabouts."

He said that pressures on union members were causing as much confusion about the country's future as Western

In another development, Gen, Jaruzelski announced Tuesday the replacement of two ministers. Warsaw Radio reported. Stanislaw Bejger, who had held the maritime economy portfolio, was succeeded by Jerzy Korzonek, his deputy. Jerzy Nawrocki, the former science minister, was replaced by Benon Miskiewicz, rector of Poznan Uni-

The report, monitored by the British Broadcasting Corp. in Lon-don, said the changes had been approved by parliament.

Gen. Jaruzelski said Mr. Bejger was being switched because he had been nominated first secretary of the Gdansk provincial Communist Party committee.

The BBC report said Mr. Nawrocki resigned on Dec. 19, six days after Gen. Jaruzelski imposed martial law. No other details were

France Delays **EEC Vote on Soviet Credit**

BRUSSELS - French concern about damage to its exports unexpectedly delayed plans for a harder West European line on credit to the Soviet Union, diplomatic sources said Tuesday.

The 10 member states of the European Economic Community were to have decided at a ministerial meeting Tuesday on a proposal for more expensive credit for the Soviet Union from Western indus-

The proposal, designed to emphasize Western anger at Moscow's alleged involvement in the Polish crisis, was agreed to informally by nine of the 10 foreign ministers Monday. Greece objected to the proposal.

Waiting for Clearance

Greece was expected to be outvoted Tuesday, allowing a joint EEC proposal to be made by other Western states. But a formal vote was unexpectedly delayed, as French officials tried to get clearance from their Finance Ministry because of the impact that such a move could have on French exports to the Soviet Union.

The delay was the latest example of the difficulties that Western Europe faces in striving to maintain a firm front of disapproval at Soviet pressures on Poland, while at the same time safeguarding domestic

commercial interests. Despite calls from the United States for a tough stand against the Soviet Union, including sanctions and other clear indications of disapproval, the EEC has failed to

take any concrete measures. Diplomatic sources said France now faced the question of whether it was ready to take a tough politi-

(Continued on Page 2, Col. 5)

electors in the popular vote on Jan. 17-18 and the promised support of 21 Communists and one other

poor health.

He also predicted that relations

"The anxiety can be relaxed," a

The Kremlin, which built trade

Soviet media hailed his showing

two days in New York last Sep-

U.S. Secretary of State Haig and Soviet Foreign Minister Gromyko before discussions Tuesday.

Haig Meets Gromyko on Poland,

No Further Talks Set

Those talks launched the negotiations on intermediate range nuclear forces in Europe which are continuing in Geneva despite Poland and set up this meeting be-tween the two men. But Mr. Haig said that in his morning and afternoon meetings Tuesday with Mr. Gromyko the subject of a possible summit between President Reagan and Leonid I. Brezhnev, the Soviet leader, was not raised, and there were no plans set for another

To underscore the seriousness of less Washington was prepared to make similar sacrifices, Reuters re-

Mr. Haig had been under attack for going ahead with the Gromyko meeting in light of Soviet involve-ment in the Polish crackdown, but he repeatedly defended its value. He said the talks were "beneficial" in helping the two sides communi-

The Associated Press "They were designed to provide the American side an opportunity to express clearly a number of our concerns, primarily our concern over the situation in Poland. I

New York Times Service WARSAW — The letter began "Comrade Secretary," and it got right to the point. "I hereby return my party card," wrote Taduesz Lomnicki, the country's foremost actor, who for 30 years had been a party member, rising to the heights of the Central Committee. He

went on to say, "I can't do anything else."
The letter is a cry of conscience. Mr. Lomnicki described his 30 years of work in the party, his belief in the ideals of Socialism and justice that he clung to through the years of Stalinism, the hopes aroused by the 1956 rise of Wladyslaw Gomulka, the "betrayal" of that hope in Mr. Gomulka's later years, the anti-intellectual purges of 1968, the stagnation of the 1970s. Then came the "renew-al" of Solidarity, and Mr. Lomnicki's faith in "a chance for Socialism in Poland" was re-

Right now, 15 months from that time, I do not find any internal justification for maintaining that position, for I have lost hope in the purpose of all action." he wrote. How many times can one believe all over

Mr. Lomnicki is not alone. Thousands of loyal party members are turning in their party cards. In some factories, according to sources, entire baskets are filled with the

Mass resignation is only one symptom of distress in the Polish United Workers' (Communist) Party. Another is the call, surfacing

from time to time in the tightly controlled media, for purges and a return to the "purity" of Marxism-Leninism — unmistakable hints that an ideological struggle is under way in the party hierarchy.

Observers find it noteworthy that six weeks after the Dec. 13 imposition of martial law the party's Central Committee still has not met. This is regarded both as a sign of its impotence and as proof that the factionalism characteristic of the Polish crisis for the last 16 months have not disappeared.

"The evident disarray in the party raises obvious problems for the military," a Western observer said. "At some point the army will have to retreat to the barracks and hand power back over to civilians. Who will they hand it to?

Throughout the country, special groups are being set up called "civic committees of national redemption." One newspaper, Dzienik Ludowy, run by the Communist-affiliated Peasants' Party, said last Wednesday that "only a dozen days ago there were very few of them, today they number in the thou-

The newspaper called the committees, intended to support the military takeover, "a spontaneous initiative" and said they represented "an expression of the social intention to support all the forces which want to build, create and change for the better the compli-cated and difficult situation of today." The intent behind the establishment of the

committees is unclear. Some observers regard it as an attempt to rebuild the party under a different name. Others believe the committees could grow into rivals of local party organizations.

A government official, who said his information came from reliable party sources, said Saturday that in a one-month period after the imposition of martial law, 17,000 cards had been returned. He said the party was now conducting a purge to "clean out all the people who are wavering" and that so far 4,500 members had been expelled. An additional 24,000 people have been crossed off party lists, a lesser penalty that can be re-versed later, he said.

The official said that 150 party organizations had been dissolved, among them party units at the Huta Katowice steel mill, the Elwro factory in Wroclaw and Lublin Uni-

On Dec. 13 there were 2.75 million members, far below the level of 3.2 million reached two years ago. But among those 2.75 million only about one-quarter were truly active, the official said.

The official summed up the party leadership's assessment of the situation as follows: "A shock occurred after Dec. 13. But the activists soon understood that this is a chance to rebuild the party. There is a chance that the party can consolidate itself and come out with a program that is popular."

Italian Parties Back Stand by Communists

Defiance of Moscow Could Aid Berlinguer

ROME — Leaders of Italy's main government parties Tuesday rallied behind a defiant Communist Party in its quarrel with Mos-

Political strategists, meanwhile, were weighing likely gains for En-rico Berlinguer, the Communist Party secretary, whose party has been kept out of the government since 1948.

An unsigned article in the party newspaper, L'Unita, accused the Kremlin of intolerance, misrepresentation and arrogance in rejecting Mr. Berlinguer's support for Solidarity, the independent Polish union.

The article rejected the guiding

role of the Soviet Union and termed the suppression of Solidar-ity a blow against the overwhelming majority of the Polish working class. It was responding to an edi-torial on Sunday in Pravda, the So-viet Communist Party newspaper, that had criticized the Italian party stand on Poland.

The L'Unita article said that Moscow was incapable of self-crit-icism and unable to learn from past mistakes. The Kremlin also ruled out the possibility of rational debate by suppressing every voice of dissent, the article added.

Stand Applauded

East Germany's leadership on Tuesday echoed the attacks on the Italian Communists in Pravda. Meanwhile, Italian politicians

applauded L'Unita's stand. Bettino Craxi, the Socialist Party lead-er, said, "We give our backing to the criticisms expressed by the Central Committee of the Italian Communist Party, which have been, and are for the most part, OUT OWIL

Flaminio Piccoli, the Christian Democratic Party secretary, added, "This is an episode the importance of which cannot be belit-tled." The dominant Christian Democrats and the Socialists are the two main members of the fiveparty coalition headed by Republican Premier Giovanni Spadolini.

Christian Democrats have vetoed any inclusion of Communists in the government, while the Socialists under Mr. Craxi have sought to distance themselves from a Communist Party that is at least nominally aligned with Moscow.

The Christian Democrats edged the Communists out of the ruling postwar coalition in 1948.

Dropped in 1948

Since then, despite controlling many major cities, the nearest the Communists have come to power was a 30-month experiment in passive support for minority Christian Democratic administrations in 1978 and 1979.

ver, the ex the "historical compromise," brought the Communists no gains in the Christian Democratic Party.

France Delays EEC Decision On Tightening Soviet Credit

(Continued from Page 1) The deal is expected to involve equipment sales for the pipeline by French and other West European

> Spanish-Soviet Gas Talks MADRID (AP) — Industry Ministry sources said Tuesday that Spain has asked the Soviet Union

for conditions for the supply of 2 billion to 3 billion cubic meters a year of Siberian gas.

Gas represents 2 percent of Spain's energy consumption. In-dustry Ministry plans foresee in-creasing that to 7 percent in the next two years. The sources said that if an agreement was reached with the Soviet Union, the contract should provide a supply at least 2 billion cubic meters a year for no

considerable self-righteousness — invariably cite Washington's unwillingess to embargo sales of feed grains and wheat, the largest single item in U.S.-Soviet trade.

Throughout Europe, top govern-ment officials including West Ger-many's Helmut Schmidt and France's François Mitterrand, regularly remind questioners that as long as President Reagan does not act on food exports, Europe will not move on industrial products. "Why should we cut off our

most important trade item when you don't," a top French official

Washington officials regularly emphasize that Mr. Reagan is still considering using the food weapon against the Soviet Union. But they also note that record world production of grains last year in non-Communist countries was creating new pressures among the major producers - the United States, Canada, Australia and France to sell more aggressively.

Indeed, the Russians appear to be putting out the message that despite substantial crop failures last year, they do not want to buy any more grain from the West for the time being, primarily because of ample supplies outside Russia and congestion in Soviet ports.

Viktor I. Pershin, chairman of Exportkhleb, the Soviet grains purchasing agency, recently told Business Week magazine: "If we were going to buy any more [grain] in the foreseeable future, it would be only a limited quantity. Right now, we have bought all that four gov-ernment agencies] have asked for."



Kong's harbor Monday night to mark the beginning of the Year of the Dog. Radio stations played classical music in synchronization with the 20-minute display, which cost \$172,000.

Mubarak Says Economic Reform Requires Sacrifice by Egyptians

By William E. Farrell

New York Times Service CAIRO - President Hosni Mubarak said Tuesday that his primary goal of economic reform would require individual sacrifice from the Egyptian people and cautioned officials of his party not to undermine the government's credibility by "exaggerating hopes and prom-

In a sobering half-hour address on national television, Mr. Mubarak, who was routinely elected head of the ruling National Demo-cratic Party on Tuesday, dwelled on Egypt's faltering economy and said new steps must be taken within "a social framework that is quite

"Egypt belongs to all the peo-ple," Mr. Mubarak said, "and so the wealth of this country should not be restricted to a privileged few, nor should the grass roots be shouldering beyond what they can

Austerity and Security The focus of Mr. Mubarak's na-

tional talk, the fifth since he came to power after the assassination of President Anwar Sadat Oct. 6, was that economic change involved austerity and security.

We would not like any of those big leaps," the president said, "but a gradual and cautious develop-ment for a maximum rate of

"The government cannot alone

perform miracles." he said. "There should be genuine mass sharing."
In mid-February, he said, the country's leading eco would meet to formulate a fiveyear plan for Egypt. Mr. Mubarak and ended with a rightward shift said the nation's politicians should ensure that such a plan is "genu-

ine, honest and without hiding anything from the people and without exaggerating hopes and promises." According to Tuesday's issue of the influential and semiofficial

newspaper, Al Ahram, Mr. Mubarak has already imposed an austerity policy on the govern-ment. The newspaper reported that Mr. Mubarak has ordered a cessation of the lavish annual Oct. 6 military parade, the one at which Sadat was slain, and has earmarked the funds for the event for such things as military housing.

In addition, Al Ahram said that Mr. Mubarak had decided to cancel the huge festivities planned by Sadat for late April, when Egypt is scheduled to receive the last part of the vast Sinai peninsula from Israel, which captured it during the 1967 war. Instead, the newspaper said, there would be restrained observances in Sinai's provincial capital of El Arish, and in the Egyp-

tian parliament in Cairo. Other austerity measures call for fewer cars for government ministries and for entertaining official foreign guests less extravagantly

than has been the custom.
On Saturday, Mr. Mubarak leaves Egypt for state visits — his first as Egypt's president — to Rome, Paris, Washington, London and Bonn. He told his audience Tuesday that Egypt's efforts at

economic restructuring, which he said would not be "academic or theoretical," would rest in part or a foreign policy that "safeguard: the stability of Egypt."

"We are dealing with all coun tries with an open heart," he said reaffirming Egypt's commitment to a policy of nonalignment.

"The people of Egypt are a gen uine Arabic and African people," he said. "We are committed to the Third World countries." Mr. Mubarak alluded only brief-

ly to Egypt's peace treaty with Is rael, saying his goal was to expand. the scope of peace agreements in the Middle East.

Referring to efforts to establish a form of self-rule for the Palestinian Arabs of the Israeli-occupied West Bank of the Jordan River and the Gaza Strip, Mr. Mubarak said: "Foremost comes the people of Palestine, who have the right of self-determination."

The autonomy issue, on which Israel and Egypt have been unable to agree, is the subject of a visit here on Thursday by U.S. Secretary of State Alexander M. Haig Jr. It will be Mr. Haig's second visit this month to Egypt and Israel to try to generate some momentum in the Egyptian-Israeli autonomy talks, which have proceeded sporadically for two and a half years without discernible progress.

WORLD NEWS BRIEFS

Begin Wins Vote Over Sinai Settlers

Washington Past Service JERUSALEM - Prime Minister Menachem Begin's Likud coalition turned back a vote of no confidence Tuesday stemming from the government's handling of the evacuation of Jewish settlers from the Sinai pen-

The Knesset voted 55 to 52, with 13 members absent, to defeat the opposition Labor Party measure based, in part, on what Labor leaders called a scandal in the proposed payment of \$270 million in compensation to settlers who are to be evacuated when Israel completes its withdrawal from the Sinai in April.

On Monday, the Knesset adopted 45 to 40 a nonbinding resolution condemning the government's handling of the evacuation and calling for a law that would fix the rate of compensation.

Nimeiri Purges Party Leadership

KHARTOUM, Sudan - President Gaafar Nimeiri has fired his first vice president and dismissed the leadership of Sudan's only legal politi-cal party, the official Sudanese news agency reported.

No explanation was provided with the announcement Monday of the departure of the vice president, Gen. Abdel Magid Hamid Khalil, Gen. Khalil also was stripped of his posts of defense minister and secretary-

general of the Sudanese Socialist Union party.

Mr. Nimeri, president of that party, assumed the Defense Ministry portfolio, the report said. Earlier Monday, Mr. Nimeiri also disbanded the party's Central Committee and Politburo, the news agency reported. He accused the party's leadership of failing to counter recent anti-goverament demonstrations sparked by his economic austerity program, the

Ethiopia Begins Offensive in Eritrea

The Associated Press

NAIROBI - Ethiopia has launched a new major offensive to wipe ou secssionists in Eritrea, the Ethiopian news agency reported Tuesday.

An agency report seen here said the Ethiopian leader, Lt. Col. Hail

Miriam Mengistu, announced the "multifaceted revolutionary cam

paign" in a speech Monday in the Eritrean capital of Asmara. It was the first official announcement that a military offensive is under way to seiz the remaining secessionist strongholds in strategically important Eritres.

Col. Mengistu gave no military details of the campaign. But Western diplomatic sources reached in Addis Ababa said Ethiopia has reinforce its 80,000 to 90,000 troops in Eritrea with 30,000 men. Diplomats estimate that the rebels number about 8,000 to 10,000.

N. Korea Urges U.S. Troop Pullout The Associated Press

TOKYO — Kim II, vice president of North Korea, called Tuesday fo the withdrawal of U.S. troops from South Korea to clear the "main obstacle" to reunification, while rejecting Seoul's proposal for a join constitution and general elections.

Mr. Kim, in a broadcast speech monitored in Tokyo, said South Kore an President Chun Doo Hwan's call Friday for the two sides to organize a conference to draft a constitution as a step toward uniting Kore cannot be considered a proposal worthy of any positive significance.

Mr. Chun's call for general elections was unrealistic "while leaving foreign troops and maintaining a military fascist system in South Ko Mr. Kim said. Withdrawal of U.S. troops, the democratization o South Korea and an end to anti-Communist policy must precede reunifi

Hanoi Role in Indochina Talks Seen

United Press International MANILA - Willibald Pahr, chairman of the United Nations Confe ence on Cambodia, said Tuesday that Vietnam might patticipate in to gotiations for a political solution in Indochina if "careful steps" were adopted by negotiators.

Mr. Pahr, the Austrian foreign minister, said no new proposals to en the Cambodian conflict have arisen during his visit to the Philippines c Singapore. But he said, "one should continue the way directed to negot ations with all parties concerned," which the UN conference began las

That conference formed an ad hoc committee under the chairmanshi of Senegal, he said, "to find ways and means to initiate such a dialogu because what we wanted was a negotiated solution. A negotiated solu tion is possible only if there are negotiations with all the parties," he sai in allusion to Vietnam, which has refused to negotiate.

Europeans Balk at Airing U.S. Poland Show

Mikhail Suslov, 79, the Kremlin's Top Ideologist, Is Dead

5 Chinese Aides End Sit-In as Swiss

From Agency Dispatches
LONDON — No European television networks have decided firm-ly to show the planned U.S. televi-sion special on Poland this Sun-

day, a United Press International survey showed Tuesday. Henry B. Ryan, a spokesman for the U.S. government-funded Inter-national Communications Agency (ICA), which is producing the program, said it is being offered free to other countries by satellite, but so far there have been few takers.

The program cannot even be shown in the United States without congressional approval. The ICA is seeking a joint congressional resolution waiving a law that bars U.S. showing of programs produced by the government for

"We're definitely not using it," said a spokeswoman for ITV, Britain's commercial network. David Plowright, chairman of ITV's planning committee, said there were "serious implications about the transmission of a program compiled by any government commu-

(Continued from Page 1)

the 1934 congress of the Soviet

party, 1,108 were arrested and van-ished from public life. Seventy per-

cent of the members of the Central

Mr. Suslov became a full mem-

ber of the Central Committee of

the Soviet party in 1941. Ever

since, he has been member of the

policy-making body, and was pro-

moted to the post of secretary of

the Central Committee in 1947, a job he never relinquished. Before

his elevation in 1952 to the Polit-

buro (it was known as the Presidi-

um at the time). Mr. Suslov helped

re-establish Soviet rule in Lithuania and became the main as-

sistant to A.A. Zhdanov during the

harsh ideological campaign against "cosmopolitans" and "toadies"

"cosmopolitans" and "toadies' that carried an anti-Semitic slant.

After Zhdanov's death in 1948.

the entire ideological apparat of

the Central Committee was con-centrated in Mr. Suslov's hands.

For a year he was the editor in chief of Pravda and the main pro-

According to Khrushchev, one

day after Stalin's death in 1953, all

inexperienced members of the Politburo including Mr. Suslov were

expelled, although Mr. Suslov re-

tained his other posts. Within a year, however, Mr. Suslov was back in charge of ideology. The politically forceful Khrushchev was helpless in theoretical matters

ponent of the Stalinist party line.

Committee were shot.

nications agency." He called it "a Charlton Heston, Kirk Douglas. bizarre idea." Many Furnment commentate

owned British Broadcasting Corp. said: "We'll wait until it has been made and see what it contains, and then we'll decide whether to screen

Italian, Swiss and Austrian net- people. works plan to record the program and decide later whether to air it. Spokesmen for West Germany's two state-run TV networks said they planned to show only ex-

The one-hour show, "Let Poland Be Poland," will feature President Reagan, British Prime Minister Margaret Thatcher, West German Chancellor Helmut Schmidt, the premiers of Belgium, Canada, Norway and Portugal, and the foreign minister of Luxembourg. Australian, Turkish and Italian officials are also scheduled to partici-

There will be tapes of "Solidarity Day" rallies around the world, and appearances by Frank Sinatra, Barbra Streisand, Orson Welles,

Since then, Mr. Suslov's ascen-

group of Old Bolsheviks in 1957.

Seven years later, Mr. Suslov played a key role in removing Khrushchev himself for "adventu-

GENEVA - Five Chinese offi-

cials on Tuesday ended an airport

sit-in and flew home when Switzer-

land refused to hand back an inter-

preter who asked for political

The group camped out at Gene-

vas Cointrin airport for two days

demanding the return of their de-fecting companion and refusing to

The defector locked himself into

the toilet of a Swissair plane before

it landed Sunday in Athens from

Khartoum where the group had been based. He refused to come

out and change flights for Peking

and the five others stayed on

board as well. So all six continued

rism" at home and abroad.

izarre idea." Many European commentators
A representative of the state- have been hostile to the idea.

There are fears that the inclusion of entertainers will trivialize the Polish crisis, and arguments that the program will prove politically ineffectual in helping the Polish

Talk About the Pope

Mr. Sinatra reportedly will sing in Polish, Miss Streisand will sing
"Let Me Lament," Mr. Douglas
will show a film of a Polish movie
school and Mr. Welles will read documents about freedom. The program is to be presented by Mr. Heston, who reportedly will talk about Pope John Paul II. The politicians are due to make

Describing the program as "tasteless," the political commentator Andrew Alexander wrote in

and he needed Mr. Suslov to provide ideological justifications for destruction of the Stalin cult.

It was said here that Mr. Suslov role. In 1977, when Mr. Brezhnev expanded his power by assuming the party's first secretary in 1964 the role of chief of state, it was Mr.

their agony is not an occasion for showbiz razzmatazz. As for the Kremlin, it is a safe bet that the show will cause more amusement than alarm." A statement by Charles Z. Wick, head of the ICA, drew comment

reaction to the news of this show

was incredulity. A second

reaction...was to sigh and mur-

mur that only in the U.S. would

quite such a vulgar spectacle be

He added that the Poles "may

conceivably take the view that

from West Germany's conservative Die Welt. Mr. Wick, who was largely responsible for initiating the program, said it would be "probably the biggest show in the history of the world." brief recorded statements. Mrs. Thatcher, for example, will repeat

"The word 'show' frightens Europeans, especially in politics," Die Welt said. "And when it's a demands voiced in a recent NATO communiqué, according to her London office.

question of the 'greatest show in the world,' then that mocking distance that thinks it knows all and does nothing wins the upper

and had, instead, advanced the Suslov who offered a motion to dency in Soviet politics proceeded candidacy of Mr. Brezhnev. In that effect Last December, when without interruption. He helped doing so, Mr. Susloy settled for the Mr. Brezhnev was awarded anoth-Kbrushchev defeat the anti-party second soot in the party.

er Order of Lenin on his 75th In the last 17 years, Mr. Suslov birthday, it was Mr. Suslov who had taken pains in his public presented it and made a speech. speeches to emphasize that the cur-Students of the Kremlin saw his hand in the recent Moscow polirent leadership is a collective one

despite Mr. Brezhnev's prominent cies toward Afghanistan and Poland. He is generally believed to have been a hard-liner on foreign He is known to have led the campaign against Yugoslavia in 1948 and to have held out for a Refuse to Return Defecting Colleague

tough line against the Chinese during attempts in the late 1950s to heal the Moscow-Peking rift. Yet little is known of his personal views or his personal life. He shunned contacts with Westerners since they were "our class ene-

transit lounge on arrival and police had to move in to separate them.

The Peking government inter-

preter, who was not identified by

police, requested political asylum. He has the right to be protected

nistic it can complete tough negotations to enter the European Economic Community by the end of this year, senior Portuguese officials said Tuesday.

The officials, accompanying Premier Francisco Pinto Balsemão The Chinese tried to force their on a visit here, said Lisbon is

Lisbon Confident on Joining EEC

negotations agreed with the president of the EEC Commission,

while his request is being studied. mies," as he repeatedly said.

BRUSSELS - Portugal is opti-

Gaston Thorn.
Lisbon also hopes potential

problems over Spain's accession to the community, scheduled for the same date, January, 1984, will not delay Portugal's entry, they said. The date was coincidental, and Portuguese membership was not dependent on Spanish accession,

cal stand that might hurt its commercial interests.

The proposal to tighten export credit to Moscow would require the approval of all Western industrial states, in the framework of the Paris-based Organisation for Economic Cooperation and Develop-

It would involve upgrading the Soviet Union to the category of advanced industrial state, instead of intermediate state as at present. This would mean a rise in interest rates to 11 percent from 10.5 for loans from two to live years and to 11.25 percent from 11 for loans from five to eight and a half years.

The move could have important

consequences for a 25-year gas supply contract that France signed with the Soviet Union Saturday. defecting companion to stay in the pleased with a new timetable for

West Europeans Find Trade With Russia Too Profitable to Renounce

By Axel Krause

nal Herald Tribune PARIS — The underlying reason for the Western ailies' rejection last week of the Reagan administration's call for a clampdown on industrial cooperation with the So-viet Union is strikingly simple — West European nations and Japan cannot afford to give up what has become a growing, profitable and increasingly competitive business employing hundreds of thousands

"Of course, we were ready to agree with the Americans about limiting military-related sales to Russia, but certainly not on commercial contracts, such as the Siberian pipeline and other, smaller deals," said a senior European official. The official participated in a two-day meeting of NATO countries held in Paris under the auspices of the Control Committee on Trade with Communist Nations (COCOM).

Several days after the COCOM meeting, France announced it was joining West Germany in signing contracts with the Soviet Union for the delivery of large supplies of Siberian natural gas starting in two years - a project Washington has been seeking to block or at least slow down.

"There is simply too much recession and unemployment in Europe ... any curback would represent new costs that government cannot afford right now — in everything from steelmaking to machine tools,

This is the last of a three-part se-ries. cquite apart from our commitment to diversifying energy supplies," the official added.

Trade between the Soviet Union plus its six East European allies and the Western industrialized na-tions rose to more than \$90 billion during 1980, with the Russians accounting for over half of the total. Of that amount, high technology products, such as computers, ma-chine tools and scientific measuring equipment, made up roughly

percent, according to recent Western assessments. An estimated 45 percent of the total East-West trade volume, according to the analysts, is mediumlevel technology, such as equip-ment used in making cars, trucks and chemicals, while the remaining 45 percent covers literally thousands of nonsophisticated categories, including farm products.

According to preliminary estimates of the United Nations Economic Commission for Europe, in Geneva, which closely monitors East-West trade, the overall trade growth between the two areas stagnated last year and will probably fall during 1982. "There are many reasons for the downturn," a French banker com-mented, "but the main conclusion

one can draw is this - it will mean tougher competition to sell in the Eastern bloc, particularly in the in-dustrial field." The main reason for the slowne trade flow, which has quinmpled over the past five years, has
ports from Communist countries,
primarily commodities plus Soviet
oil and natural gas. The Soviet
balance rose to \$7.5 kallian.

share totaled roughly \$14 billion in 1980, accounting for 55 percent of total Soviet exports to the West. But the Soviet Union and East European nations also are now beginning to feel the impact of wors-

ening recession at home, which has

caused major cutbacks in output

targets for next year.

"Given the fact there are no signs of economic reforms any-where in the East bloc, it looks grim," a senior UN analyst said. "In fact, growth prospects throughout Eastern Europe and in Russia are much lower today than

at any time since the 1970s." According to the agency's latest compilations, the Soviet Union is projecting a 3-percent GNP growth rate this year compared with a planned 3.4 percent growth last year. In reality, Soviet growth averaged around 2.8 percent, ac-

cording to UN estimates.

East European growth rates will rise an average of 2.5 percent during 1982, which is the same level as what had been planned for 1981, according to the estimates.

Polish Rate Fell Sharply In reality, East European GNP growth barely averaged around I percent last year, according to the United Nations, mainly because of Poland. "A disaster, since Poland's GNP fell by at least 15 percent," said an analyst, adding, "There is no plan that we know of for 1982."

West's favor at an annual rate last year, compared with a balance of \$3.1 billion in 1980 and \$6.6 billion the year earlier.
The current-account balance oks even better, analysts say. The

UN figures show that the West's surplus with Eastern Europe and the Soviet Union totaled roughly \$12.5 billion last year, an increase of roughly \$7 billion over the 1980 level. The increase was primarily generated by interest payments on the East-bloc debt with Western creditors, which rose to \$8 billion last year.
"These are substantial amounts

and provide one key reason why European bankers are reluctant to speak out on sanctioning the Soviets — the debt may be growing but the interest payments are still coming in," a senior U.S. official

Although analysts say it is diffi-cult to quantify, job dependency is another underlying factor in sus-taining West European and Japanese efforts to sell to Eastern Europe and the Soviet Union. Some estimates have put the total number of jobs that depend on such exports in North America, Europe and Japan at well over a million. Taken out of context, that is not a large number considering that

the area's 8-percent unemployment rate, for example, totals 28.5 mil-lion persons. But in specific industries and regions hard hit by recession, the impact can be important. In West Germany, the East-bloc's largest trading partner among industrialized nations, jobs

been reliably estimated at between 100,000 and 300,000. According to industry estimates, the German Mannesmann group is selling almost 60 percent of its steel tubing to the Russians and Eastern Europe and the percentage will increase as the construction of the Siberian pipeline the company is helping equip gets under way.
Other steel products and machine tools account for between 40

panies to the area, according to the in France, tens of thousands of jobs depend on East-West trade, according to conservative government estimates. French contractors have already signed 6.3 billion francs (\$1.05 billion) in contracts with the Soviet Union for equipping the pipeline, but now that the gas delivery contracts have been signed, the total is expected to go

percent and 60 percent of the ex-

ports of some other German com-

francs. Western Dependence'

higher — possibly to 10 billion

Since the 1930s, Soviet leaders have been pointing to trade figures as proof of "Western dependence" and have not hesitated to menace Europe with the consequences of a cutoff. Earlier this month, Soviet Trade Minister Nikolai Patolichev, writing in Pravda, said that "experience shows it is easier to demolish trade relations than to build them up again."

em up again.
When explaining their reluctance to back the Reagan administration in embargoing nonstrategic created by East-West trade have trade, European officials - with

101015D

1980 795.5 39.22 0.69 1930 2,800.0 141.2 2.51

1986 4,100,0 30,0 0,22 1980 N.A. 723,0 5,92

The Justice Department said

war in miniature," Mr. Truong added. "The CIA, which was running her, had an agent that was, in every sense of the word, greedy for money, and the agent basically de-

In a letter dated Dec. 30, Sen.

Vietnam-Era Espionage Thriller Ends for Pair in U.S. Jail Terms rants, including videotape cameras hidden in the ceilings at USIA. Krall was given a letter for Mr. Washingson Post Service wiretaps and a microphone plant-ed in Mr. Truong's apartment. WASHINGTON - They were Truong in early 1977 by Vietnamese close to their country's the Vietnam War era's only con-Mr. Humphrey met his Viet-namese wife, Kim. during a tour as negotiators in Paris. victed spies, caught stealing U.S. documents for the Communists in With President Carter's personal approval, the letter was opened by a USIA adviser in Vietnam from a classic espionage case that had 1969 to 1971 and has said he be-U.S. counterintelligence officers. intrigue, romance, code names and lieves she saved his life by warning On the strength of its contents surveillance personally approved him of a Viet Cong death plot. When Saigon fell in April, 1975, Mr. Cummings said it contained by the president. instructions on further informa-It also was a case laced with am-Kim was left behind, and Mr. tion-gathering — a wiretap was

biguities. Operation "Magic Dragon," as the FBI called it, had no Humphrey, then in Washington, egan frantic efforts to get her out. During a visit to the Viet-Monday, after 31/2 years of fruitless appeals, the two men - David namese-American Reconciliation Truong, former anti-war activist and Stanford-educated intellectu-Center, a Truong-created interest group in the District of Columbia,

former U.S. Information Agency employee — played out the final scene in Alexandria, Va., the site of their trial in 1978. Their appeals rebuffed earlier this month by the Supreme Court, Mr. Humphrey and Mr. Truong surrendered to U.S. marshals and were driven away separately to be-

al. and Ronald L. Humphrey, a

gin serving 15-year prison terms. Both said in recent interviews they had not communicated since the "I felt he deceived me," said Mr. Humphrey, 46, who was a USIA communications watch officer trying desperately to free the wom-an he loved from Communist-run postwar Vietnam when he first met Mr. Truong in Washington.

Major Role in Relationship

It was the bright, sophisticated Mr. Truong, many involved in the case agree, who played the major role in the relationship between the two men. "I don't believe we ever tapped Humphrey's phone. because Truong was the spy and Humphrey was the feeder," said former U.S. Attorney William B. Cummings, who led the prosecu-

"I think that I was a very vulnerable target, and they [the Justice Department] just decided to go af-ter me," said Mr. Truong, the 36-year-old son of Truong Dinh Dzu, who ran for president of Vietnam in 1967 on a peace ticket. "I don't hold anything against Humphrey. He does what he thinks is import-

ant in his life, and I do mine." Mr. Truong was forwarding books, pamphlets and, most importantly, Mr. Humphrey's USIA documents by courier to Vietnamese associates in Paris at the have submitted to a polygraph had he attended the Jan. 7 meeting. time of Vietnam-U.S. talks on normalizing postwar relations when the FBI arrested both men. The courier, it turned out, was a CIA

conceive of a situation in which I agent known by the code name would leak an item which I knew was sensitive and could have national-defense implications," Mr. Catto said. He added, "I can't The arrests followed the first foreign intelligence security inves-tigation in which a president stress too strongly that we have no Jimmy Carter - approved elecinterest in covering up embarrass-

tronic surveillance without war-

stroyed herself in the process. In Vietnam, you know, family and some type of moral values are very woman named Dung Krall, CIA code name "Keyseat," had infiltrated the Truong-Humphrey con-nection. Acting as Mr. Truong's important. I think she lost pretty

Main Donovan Accuser Said to Get Protection

Mr. Humphrey made Mr. Truong's

acquaintance. Soon he was visiting

Mr. Truong's apartment and

bringing copies of diplomatic cable traffic, much of it classified confi-

"It wasn't long after he began dealing with Truong that [Kim] came out," said Mr. Cummings.

"We made a big thing about that [at the trial]."

In the meantime, a Vietnamese

dential or secret, with him.

however, explicitly provides that the special court "may expand" the prosecutor's jurisdiction "upon request of the attorney general. A federal grand jury in New York is expected to begin hearing

placed on Mr. Truong's telephone.

And that, in turn, led to Mr. Hum-

Mrs. Krall, the wife of an Ameri-

can naval officer, would not agree

to testify at the trial until ques-

tions of her espionage pay were re-solved. She has left the Washing-

ton area and was unavailable for

This is just like a rerun of the

ruption, reportedly has been told of a threat on his life. Mr. Montuoro asked for the protection at a recent meeting with Special Prosecutor Leon Silverman in New York, sources said on

By George Lardner Jr.

Washington Post Service
WASHINGTON — Federal
marshals are being assigned to protect the chief accuser of Raymond

J. Donovan, the secretary of labor, it has been learned. Mario Montu-

oro, who has charged Mr. Dono-

van with involvement in union cor-

Mr. Montuoro is a former secretary-treasurer of what government prosecutors have described as a Mafia-dominated labor union local. He has been told that there was a New York mob "meeting" or "sitdown" concerning him last week, and that "they decided to kill him," sources said.

Meanwhile, other sources said that William French Smith, the attorney general, has said he has no control over the scope of the in-quiry that Mr. Silverman has undertaken since his appointment last month by a special federal court to investigate Mr. Donovan.

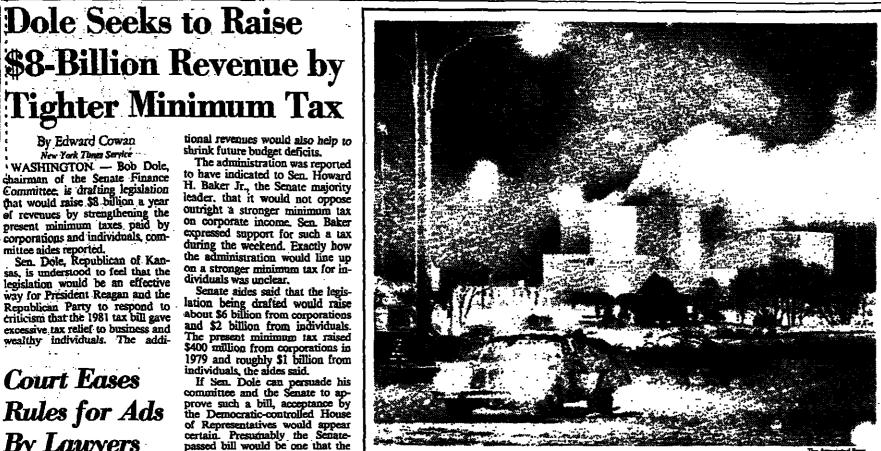
The Ethics in Government Act,

evidence next week into one charge that Mr. Silverman was clearly commissioned to investigate: Mr. Donovan's alleged presence in mid-1977 when another executive of the Schiavone Construction Co. assertedly paid \$2,000 to the president of Mr. Montuoro's union, Laborers Local 29.

Mr. Donovan was executive vice president of Schiavone before his nomination as secretary of labor in December, 1980.

Mr. Smith said he could not broaden the investigation of Mr. Donovan in a Jan. 20 reply to a letter from Sen. Orrin G. Hatch, Republican of Utah, and Sen. Edward M. Kennedy, Democrat of Massachusettc...

Hatch, chairman of the Senate Labor and Human Resources Committee, and Sen. Kennedy, the committee's ranking Democrat, asked that Mr. Silverman's charter be supplemented.



A sheriff stops a car from entering the area around the Ginna nuclear power plant in Ontario, N.Y. The plant was closed Tuesday after a pipe broke containing radioactive water. Steam can be seen being released from the plant as part of the cooling down process.

Emergency at N.Y. Nuclear Plant Declared Over

ONTARIO, N.Y. - Officials at the Ginna nuclear plant Tuesday canceled an emergency declared 26 hours earlier when a tube rupture cansed an internal leak and released puffs of ra-

dioactive steam into the atmosphere.

There is still a lot of work, but the plant superintendent determined we are not in an emergency any more," said Richard Peck, a spokesman for Rochester Gas & Electric Co., the unit's owner.

After the rupture Monday, the utility declared a site emergency, the second most serious of four emergency classifications. Ten hours later, it was downgraded to nuclear alert, the third most se-

rious. Mr. Peck said the unit was now into "the recovery phase," with workers having returned to

The unit still needed to be brought to cold shutdown — a low-pressure, nonboiling state for the reactor's water system. Officials said Tuesday that the process was continuing smoothly and the tem-perature was expected to be brought below boiling, at about 200 degrees, "within a day."

The maximum radiation detected Monday was 3 millirems at the plant boundary, the utility said. Exposure to a chest X-ray is about 20 millirems, and a dose of 600,000 millirems is considered

Catto was asked whether he would

"I don't think it would bother

me in the least, because I can't

generous tax breaks for business Pentagon Aide Sees Sparing Use The Treasury has calculated that the 1981 act will reduce corporate tax payments by steadily growing amounts. By 1986, the Treasury Of Lie Tests to Plug News Leaks told Congress last month, corpora-tions will pay \$69 billion under the

years through 1988.

The minimum tax, aides said, would be an "alternative tax" to be paid if it exceeded a corporation's income tax calculated in the con-

The tax rate would be 15 perment official has said. cent. The sum subject to that rate would be the corporation's taxable income after the usual deductions plus certain "add-back" items. What those items are is likely to be a matter of intense discussion during the legislative process.
Sen, Dole's thinking, it was said, is to "add back," accelerated depre-ciation (which can be calculated in part of deductions for research and development, income from tax-ex-

expand their use. Mr. Catto oversees the release of information about the department and advises Defense Secretary Caspar W. Weinberger on policies designed to curb unauthorized dis-

perating licenses.
The aides said that corporations "The game of using the press to influence policy before decisions are made has, I think, really hurt the ability of the people in this building to enjoy frank and open discussion, because you just don't would not be allowed to reduce their alternative minimum tax by applying tax credits for investment or taxes paid abroad. However, taxes paid abroad could be deducted from U.S. taxable income, know what's going to leak," Mr. which would give the foreign taxes

"I mean, if you all thought that every editorial board meeting of

tector tests in an unsuccessful at-tempt to find out who told The Washington Post about secret De-

The Associated Press
ISLAMABAD, Pakistan — Forty-five Moslem insurgents and of Soviet soldiers were killed in sepa-rate battles last week in Afghani-stan, Western diplomatic sources

They said that in one incident Soviet helicopters shot 45 anti-gov-ernment irregulars a few miles north of Kabul after an attack. They also said that the rebels attacked a Soviet convoy to the east. of Kabul, killing 60 Soviet soldiers and destroying a number of armored vehicles.

a tax-saving value in the United States of 15 cents on the dollar. IATA Members To Raise Fares 7%

empt bonds, export earnings of so-called DISC export corporations,

charitable contributions, and deductions by trucking companies for the loss of value of their U.S.

Dole Seeks to Raise

shrink future budget deficits.

dividuals was unclear.

administration could accept.

Business would almost surely

oppose some aspects of the bill, but how broad and intense that

opposition would be was unclear. Charls E. Walker, a leading busi-

ness tax lobbyist, said Monday

night that he was unaware of the

details. Mr. Walker and his chief

ally in the Treasury, undersecre-

tary Norman B. Ture, have argued

in the past that increased corpo-rate taxes are ultimately paid by

the company's customers, employ-

Richard W. Rahn, chief econo-

mist of the U.S. Chamber of Com-

merce, said it was likely that the

chamber would oppose any such bill because its policy this year is to oppose any tax increase of any

kind. The Dole bill would, in ef-

fect, put a floor under some of the

1981 act whereas under old law

'Alternative Tax'

they would owe \$122 billion.

ventional way.

macted in the 1981 tax bill.

By Edward Cowan

New York Times Service

WASHINGTON - Bob Dole.

chairman of the Senate Finance

Committee is drafting legislation that would raise \$8 billion a year

of revenues by strengthening the present minimum taxes paid by

corporations and individuals, com-

Sen. Dole, Republican of Kan-

as, is understood to feel that the

legislation would be an effective

way for President Reagan and the

Republican Party to respond to

criticism that the 1981 tax bill gave

excessive tax relief to business and

vealthy individuals. The addi-

Rules for Ads

By Fred Barbash

Washington Post Service
WASHINGTON — The Su-

preme Court has struck down tight

restrictions on advertising by law-yers, freeing all the professions for

promotional campaigns more com-parable to ordinary business ad-

vertising.
The justices on Monday unani-

mously declared unconstitutional

Missouri's advertising rules, which

are similar in many respects to those in more than 38 states. The

Missouri restrictions banned mass

mail advertising and dictated the exact words lawyers could use to

of a "tort" lawyer.

describe their qualifications in ads.

The rules were challenged by a lawyer disciplined under those

rules for advertising himself as a

'personal-injury' lawyer instead

No one challenged the truthful-

ness of the claims, Justice Lewis Powell wrote for the court, and re-

strictions are appropriate only when primarily intended to pre-

vent deception or false advertising.

the initials R.M.J. He was a former

Securities and Exchange Commis-

sion attorney, took out ads in

newspapers and yellow pages and sent out a mailing after he moved to St. Louis in 1977.

In the process he broke several

Missouri rules. The Missouri rules

required lawyers to confine de-

scriptions of their specialties to

pre-determined categories. The

rules said a lawyer could call him-self, for example, a practitioner of

"family law" or "property law."
This lawyer instead, used the terms "divorce-separation" and

The rules prohibited a listing of

censed to practice. The Missouri

lawyer, living near the Illinois-

Missouri border, advertised him-self as licensed to practice in Miss-

our and Illinois and, in bold let-

ters, stated that he was admitted to

practice before the U.S. Supreme

In addition, he was charged with

mailing announcements of his practice to persons "other than

lawyers, clients, former clients, personal friends and relatives" in violation of Missouri rules.

The Missouri State Supreme

Court upheld a reprimand for

these violations. Justice Powell's ruling Monday reversed that ac-

In another action the court, in a ruling further limiting the powers of federal judges to interfere with state court criminal proceedings, voted 6-to-3 to reinstate the con-

viction of a former New York po-

liceman charged with murdering a

The jury's verdict had been re-

versed in the federal courts be-

cause the prosecutors failed to disclose that one juror, during the tri-

al, had applied for a job in their office. The lower courts said the

juror might have been prompted to vote to convict the defendant in

order to get the job, and the pro-

secutors should have disclosed the application during the trial.

Justice William R. Rehnquist,

writing for the majority, said juror prejudice must be "actual," not

simply assumed or "imputed" as it

pimp and a prostitute.

'real estate" in his ads.

The lawyer involved in Mon-day's case was identified only by

By Lawyers

Court Eases

mittee aides reported.

GENEVA — Air fares between the United States and Europe will increase by an average of 7 percent starting March 1, the International

sible later this year, depending on fuel prices and other airline opera-

from an agreement by airlines last weekend at a meeting in Florida to adjust the North Atlantic fares

Purchase Excursion, a discount rate known as APEX. North Atlantic routes affected by the changes are those between the United States and Ireland,

On North Atlantic United Press Inte

Air Transport Association said.
David Kyd, an IATA spokes-man, said a second increase is pos-

The March I increase results

while economy-class fares will be slightly lower, the three other agreed class categories will be more expensive. Those are first and business class and Advance

Britain, West Germany, Belgium, Netherlands, Portugal and Swit-

that the forces that the Joint Chiefs of Staff wanted to carry out would refuse to take lie-detector By George C. Wilson tests as a matter of principle, Mr.

civilian-defense policies would cost

\$750 billion more than the \$1.5

trillion projected for the five fiscal

the \$750-billion figure was derived from "wish lists" submitted by the

military services and that the ad-

ministration would stay on the

spending course set during the past

Reminded that one of his prede-

cessors, Arthur Sylvester, said he

Mr. Weinberger said later that

WASHINGTON — Top civilian officials at the Pentagon have no intention" of using he detectors on "widespread, regular" basis to plug leaks to the press, but "the security people might change [their] minds," a Defense Depart-

The official, Henry E. Catto Jr., assistant secretary of defense for public affairs, said in an interview Friday that such disclosures have "gotten out of hand" but that the Reagan administration has not decided what to do about it. Rules restricting the use of lie-detector tests within the government are however, raising the possibility that the administration will try to

Catto said.

The Washington Post was going to be on the front page of the Journal or The Times the next day, it would inhibit your freedom to plan and discuss what stories you're going to work on. It would be a difficult situation, and that's the situation we're in," he said.

The deputy defense secretary, Frank C. Carlucci, ordered he-de-

fense Resources Board discussions Jan. 7. The Post's story disclosed

105 Reported Killed In Afghanistan Clashes

reported Tuesday.

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And you can even use it to obtain your American Express Travellers Cheques. Call your Travel Agent or KLM for

Business Class reservations. The American Express Card. Don't leave home without it.



Court Sentences Japan Executives In Lockheed Case

From Agency Dispatches

The six were given suspended jail sentences ranging from six months to three years. They are among 16 persons who have been accused in the payoffs case, including the payoff of the payoff ing former Premier Kakuei Tanaka, who is charged with receiving a \$1.7-million bribe from the U.S. aircraft company to promote the

sale of its aircraft in Japan. The court found Tokuji Wakasa, 67, chairman of the domestic airline, guilty of violating foreign exchange law and perjuring himself before Japan's parliament by denying that a secret fund was creatwith money received from Lockheed Corp. Mr. Wakasa

jail sentence cern Mr. Tanaka, who has retained considerable political power since resigning as premier in 1974 in response to a separate financial scandal, but the court decision was him. His trial in the Lockheed case is expected to continue for some

TOKYO - A district court convicted six current or former executives of All Nippon Airways Tues-day in the Lockheed payoffs scan-

received a three-year suspended

The verdict did not directly conwidely regarded as a setback for

Chinese to Pursue Simplification Of Language Despite Complaints

PEKING - The Communist Party has decided to push ahead with efforts to simplify the Chinese language and improve Roman-alphabet renderings of it, despite objections from some linguists, the People's Daily said Tuesday. The Communist Party newspaper quoted Hu Qiaomu, a mem-

ber of the Central Committee's secretariat and president of the Academy of Social Sciences, as reaffirming the policy and calling for further efforts in that direction. In what the newspaper called "an important talk" to the Chinese Language Reform Commission, Mr. Hu said China must "take another step toward perfecting the formula for the simplification of Chinese." Simplification of the ornate and difficult lan-

computers easier, he said.

He also called for more use of Paranhua, a form of Chinese designed to cut through barriers caused by the myriad local dialects. Although Patunhua has been the official spoken Chinese for decades, local dialects have proved difficult to eradicate. Most for decades, local dialects have proved difficult to eradicate. people can understand Putunhua, but many speak with heavy accents unintelligible to Chinese from other parts of the country.

Some linguists oppose the language policies, arguing that they detract from the brevity and clarity of the language. Linguists also

have said certain Chinese characters have been simplified to the

guage is necessary to make its use in telecommunications and

Page 4 Wednesday, January 27, 1982

A Bankrupt Policy

Gen. Wojciech Jaruzelski has made his first major statement since he imposed martial law in Poland in mid-December. The statement shows that his policy is bankrupt. He indicates that some of the lesser burdens on Poles will be eased in coming weeks, but none of the larger ones.

Putting down open popular resistance evidently is not much of a problem - though, as one of the few independent deputies to the parliament warned, that could change. But enlisting enough popular consent to get the country back to work, so that Poland's mindboggling economic difficulties can be tackled, is another matter. Seven weeks after the coup, Poland remains ruled by the gun.

It is interesting, in the light of Western complaints about the West's relatively tepid and disorganized response to events in Poland, to hear Gen. Jaruzelski. He spoke extremely harshly of the sanctions that have been imposed. Perhaps he was merely raising them as a lightning rod to attract the people's discontent. It is also possible that, in an economy stretched as tight as Poland's, even relatively light sanctions hurt.

Gen. Jaruzelski says that sanctions "lengthen and sharpen martial law." This is

nonsense. Understandably, he is reluctant to confess that it is he who is lengthening and sharpening martial law. Sanctions are reaction to and protest against his regime. While the Polish people, by withholding their full labor and by other means, are "voting" against repression, it should be unthinkable for the West to "vote" for it by resuming normal economic ties.

The regime has announced major consumer price increases to take effect next Monday. What will be the reaction? Solidarity, before it was chained, proposed similar price increases, which unquestionably are needed from an economic standpoint. Solidarity proposed them, however, in a context in which factory councils would have been made legitimate in return.

Not only are these councils out of the picture now, the government is also demanding anti-Solidarity loyalty oaths from the workers. The Catholic Church has been in the forefront of opposition to these oaths. Gen. Jaruzelski's policy statement seems to have altogether ignored these developing facts. Far from easing the crisis, he is tightening it. The results will be on his hands.

THE WASHINGTON POST.

Still Prison of Peoples

It is by now a sad and predictable pattern. When the temperatures drop in East-West relations, the locks freeze on Jewish emigration from the Soviet Union. In 1979, 51,320 Jews were allowed to leave, a record exodus in the postwar years. Last year, after Afghanistan and the advent of President Reagan, the number plummeted to 9,447. In Soviet diplomacy, Jewish lives are a form of blood barter.

There is no other plausible explanation for the erratic fluctuation in visas granted to Soviet Jews. Russia's Arab clients may be happier when the gates close, since half the 259,000 émigrés since 1968 settled in Israel. But Arab sensibilities have not been a discernible factor. The pattern has varied only with Moscow's interest in catering to the

So when relations are bad, what can be done for these human pawns? Most vulnerable are 500,000 Jews who have registered their discontent by asking to leave. By requesting exit, they have lost jobs, privileges and even educational opportunities for their children - yet they are still denied exit.

Some of those who express their frustration overtly have also been tried on phony charges and sent to prison or labor camps.

Even in the worst of times, the United States can speak out against this mistreatment of all who want out: Pentecostal Christians as well as Jews, secular as well as religious dissenters. At a minimum, Secretary of State Haig can add them to his roster of Soviet violations of human rights. And he ought to use every opportunity - such as his meeting with Foreign Minister Gromyko - to suggest that the treatment of human beings also counts the other way: Letting people out would do much to improve the Soviet reputation among free peoples.

It would also counter one of the oldest reproaches leveled at Russia. Even in czarist times, it was grimly nicknamed "The Prisonhouse of Peoples" because so many ethnic minorities were sealed inside. They are now persecuted more brutally than even Communists were then. Yet the new jailers call themselves enlightened.

THE NEW YORK TIMES.

Reagan and the Fed

Board and interest rates, President Reagan is world — and interest would rise, not fall. a study in ambivalence. He doesn't care to oppose the board's present policy explicitly, since it's by far the country's most effective restraint on inflation. But, as at last week's press conference, he takes every opportunity to let everybody know that he isn't responsible for the Federal Reserve's conduct.

The Federal Reserve is emerging as the focus of the administration's well-founded anxieties that, when the recession ends, presumably some time this spring, the recovery will quickly be strangled by very high interest rates. That would leave unemployment stuck at a spectacular level, with an election coming. The conventional remedy is to lean on the Federal Reserve to provide more reserves to the commercial banks, inducing them to lend more and, in the process, reducing interest. But that won't work this winter, just as it hasn't worked for the past two winters.

The financial markets are now dominated by institutions that have lost very large amounts of money, over the past decade, by repeatedly underestimating the heights to which inflation would go. If the lenders were to sense that the Federal Reserve was collaborating in another big election-year boom with the usual inflationary hangover, some-

On the subject of the Federal Reserve thing like panic would grip the financial

That's what happened in early 1980 throwing the economy into a short, painful recession. With minor variations, the same thing has happened twice since then - in December, 1980, and last spring. This record strongly suggests that the Federal Reserve has very little control over interest. It can do nothing to lower rates, but any significant departure from its present posture will raise them. The rates are currently being set primarily by the lenders' fears of inflation. There is no other explanation for their behavior in recent weeks: They have been rising while the country fell sharply into recession.

This dilemma of the rates probably is insolvable, as long as the White House promises nothing but large and continuing deficits that aggravate fears of high and continuing inflation. Sensible budget strategy at the White House can take some of the pressure off monetary policy and interest. Until it does, the present pattern of repeated slumps and rising unemployment is likely to persist. That's another reason for the extraordinary importance of the budget plans, for next year and the years beyond, that Mr. Reagan will

publish early next month. THE WASHINGTON POST.

Chile's 'Last Best Hope'

Eduardo Frei was widely regarded as the "last best hope" for Latin democracy during the years 1964-70, when he was president of Chile. It was a pardonable exaggeration. The Cuban revolution had imparted a double sense that the hemisphere was moving leftward and that the United States had a major interest in checking the flow.

Chile then enjoyed a reputation as the premier Latin democracy, and Eduardo Frei was seen, in Chile and in the United States, as the sort of able, principled democratic reformer who could erect a "firebreak" on the left and keep the radicals on the other side.

Founder of his country's Christian Democratic Party, Mr. Frei had pronounced himself "staggered by the differences in economic strata" in Chile. He took office in 1964 with the only absolute majority any Chilean presidential candidate has enjoyed. Whether

he knew of the secret funds that, it turned out later, the CIA put into his campaign was never established. Whether he needed such support was dubious. By the time he finished the single six-year term allowable constitutionally, he had whetted popular appetites for considerably more progress than he had been able to deliver.

Marxist Salvador Allende received a plurality of the popular vote in 1970. Within barely a year, Chile was exploding into class war. Mr. Frei ran for the Senate in 1973 to continue the fight by parliamentary means, but even he could not slow the disintegration. The generals made a coup whose dark result Mr. Frei bravely contested until he died in Santiago last Friday. He was a man of true honor, which is more than can be said for the people who have ruled Chile since. THE WASHINGTON POST.

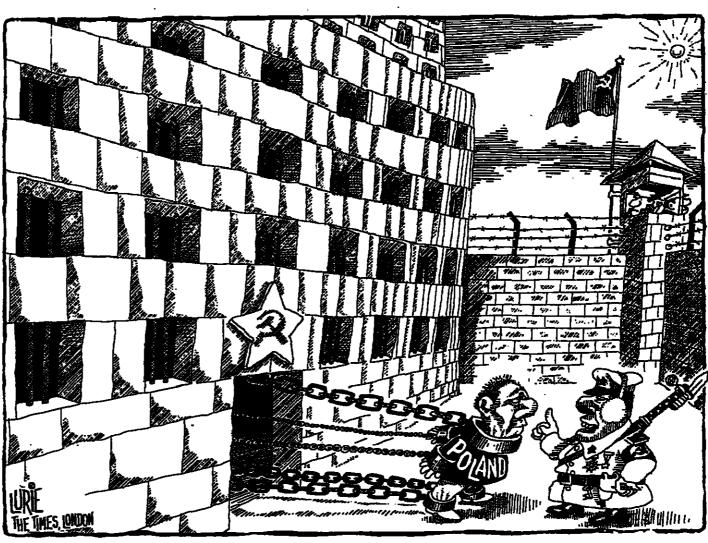
Jan. 27: From Our Pages of 75 and 50 Years Ago

1907: German Socialist Loss

BERLIN - The elections are over, and the Socialists have met with defeat such as their worse enemy has not dared to expect. At the last election in 1903 the Socialists won 55 seats. Today they have a meager 30. The question of patriotism has won a stirring victory. General rejoicings are heard at the downfall of the tyrannical autocracy and bulldozing rule of the red flag. A man who is the employer of 3,000 workmen said: "It was the highest time that the absurd notions of the Socialists were stopped. They had come lately to a point where the workmen were masters and the masters were slaves to them. They had long been suffering from a bad attack of swollen head."

1932: Submarine Missing

PORTSMOUTH, England - The British training submarine M-2 with six officers and 48 men aboard is feared to be helpless on the bottom of the English Channel three miles off Portland Bill, where the undersea craft dived during maneuvers and has not been seen or heard from since. The vessel carried only eight hours' supply of oxygen and it is extremely doubtful, if the craft has been under water now for 15 hours, if any of the crew are still alive. The vessel, although 14 years old, is equipped with the latest submarine safety devices but there is no indication that any of the crew escaped. It appears to be resting on a sandy bottom, giving hope that it has not been damaged.



'See? Didn't I promise to let you out once you behaved?'

Haig Is in Foreign Policy Saddle — For Now

By Joseph Kraft

WASHINGTON — Out of the swirling mists of bureaucratic battling over foreign policy, there has emerged a clear winner. Secretary of State Alexander Haig is in the saddle -- at least for now.

Haig's primacy has been sig-naled most dramatically by per-sonnel changes at the White House and the State Department. It has been affirmed by a muffling of the critics who oppose Haig's policy emphasis on rapport with the Eu-ropean allies and constant commu-nication with Russia.

The personnel shifts began with the replacement of Richard Allen by former Deputy Secretary of State William Clark as the presi-

which the current one does not.

were voting for.

WASHINGTON — It once was thought that de-

W mocracies could not maintain continuity in foreign policy. The American democracy has the opposite problem. Foreign policy does not trickle down from the highest levels; it rises through the bureauc-

racy, which defines options, narrows choices and

makes continuity hard to escape. This tends to be

true even when the secretary of state wants to escape,

doctrines of the 1970s have survived and prospered.

The State Department, rarely known for the diversity

of its viewpoints, now has a homogeneity remarkable

even for it. Almost no one near the top effectively

represents the sort of thinking that people who voted for Reagan on foreign policy grounds thought they

As a result, a potentially invaluable moment has been irretrievably lost. Poland, which should have been a disaster for Russia is becoming a disaster for

the United States. Instead of using it to wrench for-

eign policy out of the downward-running rut of the

last decade, it has become an occasion for reaffirm-

NATO allies, who took a month to speak collectively about Poland. Twas a famous victory when they did,

and Haig hailed it with history's most defensive ex-

pression of pleasure: "I would hope we wouldn't sit around again with the scorecard and try to find out

Actually, the United States should blush when sug-

gesting that allies do anything substantially inconvenient to themselves. The U.S. government has refused to block the International Harvester sale, to

embargo grain, to declare Poland in default on its

debts, to veto Poland's application for membership

we know of the world's attention span generally, suggest that, a month from now, Poland will be a sec-

ondary story. So it is at best naive, and probably

deliberately deceptive, for State Department officials to talk about a "second tier" of "hardball measures"

The example of Czechoslovakia in 1968, and what

Haig has kept the United States in step with its

ing stale themes, people and policies.

how little we in the West are doing."

in the International Monetary Fund.

Under Secretary Haig, true believers in the détente

dent's national security adviser. Clark could eventually become a major force in foreign policy. But he is a novice, and he has learned most of what he knows while serving under Haig at State.

As his deputy, moreover, Clark has picked Haig's candidate — the former counselor of the State Department, Robert McFarlane. McFarlane, a former Marine with close ties to Congress and the Pen-tagon, will have a big role in shap-ing policy now. While not a Haig stooge, he will not go out of his way, as Allen did, to thwart the secretary. So the National Security Council staff, which used to work against Haig, is now on his side.

But Is He on the Right Horse?

By George F. Will

Within the State Department, Haig has promoted two longtime associates and fellow Eurocentrists to the second and third positions. Walt Stoessel, a former ambassador to Russia, Poland and West Germany, is deputy secretary. Lawrence Eagleburger, a former ambassador to Yugoslavia, is undersecretary for policy. Haig is

now master in his own house.

Rightists on Capitol Hill were first miffed by the removal of Allen, then upset by Haig's refusal to sell advanced aircraft to Taiwan, and finally incensed by his rela-tively soft stance on Poland. But they have been quieted by the ap-pointments of Clark and McFar-

that some unspecified developments might trigger against Russia. The moment has passed.

ended with Peking being allowed to veto the U.S. sale, of FX fighters to Taiwan. Advocates of weakness in

Europe used a consequence of that weakness — China's disdain — to justify weakness in Asia. A less

feeble response to China's adversary, Russia, would

In Carter's State Department, rhetoric and policy

were both bad, but at least they meshed. Haig's rhe-

toric does not fit the policies that give an appearance of action without real action. The mismatch is

confusing the United States, deepening the allies'

cynicism and making anti-Reaganite holdovers in the

Reagan, by pursuing the domestic policies he foreshadowed during his campaign, has generated inevitable opposition. But the concentration on domes-

tic policy that enabled him to achieve so much has

prevented him from coming to grips with govern-mental inertia in the field of foreign policy.

As a result, events of recent weeks have revealed

tendencies within the policy apparatus that are at

odds with his campaign themes. This could produce

something he has experienced only once before (in

the 1976 contest with Ford): fissures in his conserva-

of course, God's work. But conservatism that pays more attention to such things than to containing

Russia is conservatism suffering arrested develop-ment. It can offer no effective political or intellectual opposition to the foreign policy tendencies of the per-

Besides, soon even Democrats (they are not espe-

cially quick these days, but neither are they dead) will

notice how inadequately the administration is fulfill-

ing the fundamental demand of the 1980 electorate

— a strong foreign policy. That is why Reagan should use his second year as president to develop intelligent discontinuities with the discredited and re-

Containing, say, the Federal Trade Commission is,

States as pliable and dispensable.

government especially effective.

The first and final month of the Polish "crisis"

lane, and Clark has added a little window dressing: He has given 30-day appointments, as advisers on intelligence and policy planning, respectively, to William Buckley and Clare Boothe Luce.

Inside the administration, Haig's chief challenge has come

from Defense Secretary Caspar Weinberger. But Weinberger is breathing hard now for a couple of reasons. Clark has gone on a crusade against leaks bearing on crusade against leaks bearing on national security, and the beat is on at the place that has always been Fat City for national security leaks—the Pentagon.

Furthermore, Clark has taken on as a temporary adviser Thomas Reed, a former Air Force secretary Reed is an engineer with ex-

tary. Reed is an engineer with ex-pertise in defense hardware. His presence at the National Security Council means that Weinberger, for the first time, will come up against serious White House questioning on weapons choices.

Finally, there is the case of philosophic critics of the Haig pol-icies both inside and outside government. The case was put at length by Henry Kissinger in two articles last week. He asserted that the crackdown in Poland "presents a fundamental challenge to the West." He wrote that, so far, the allies had exhibited "dithering procrastination, sophisticated justifications for impotence, or rhetoric incapable of rising to serious ac-

But Haig and those around him contend that in Poland the U.S. and the allies can have only marginal influence on what happens. So they do not see a "fundamental challenge" - certainly not one that would justify splitting the alliance and breaking communications with Moscow. President Reagan, who until very recently was talking about a summit meeting with Leonid Brezhnev, agrees. The Kissinger criticisms are thus dismissed as the tactic of an out-

sider trying to get inside. While Haig has a clear track for the first time, it is not an easy track. This week he is meeting with Soviet Foreign Minister Andrei Gromyko in Geneva. He has to take a position that is starchy enough to impress the Russians and to satisfy domestic critics, but still keep open the possibility for progress later in the year on the arms control accord so dear to the allies and to President Reagan.

If Haig succeeds, he can stay in the saddle for some time to come. If he fails, he will be naked to his

enemies once again.
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Population And Policy In Egypt

By Philip Geyelin

CAIRO — Butros Ghali is the Egyptian minister of state for external affairs and a veteran of the hard diplomatic slogging leading to the Camp David accords. Now high up in the foreign policymaking hierarchy of President Hosni Mubarak's new government, he is a fellow to talk to about the Palestinian issue, U.S. Egyptian relations. Egyptian geo-

but Ghali, you discover, wants to talk about Egyptian demography. And so, I suspect, will Mubarak, in his own way, when he sits down with Ronald Reagan in Washington on his first visit as Fevore's president

Egypt's president. What the dictionary defines as "the statistical science dealing with distribution and density of popula-tions" is unlikely to be on the agenda in quite those terms. But it will be on Muharak's mind for the whi be on Murarak's mind for the same reason it is on Ghali's mind as "Egypt's greatest single problem." The crushing, smothering impact of a huge and growing population bears down on every aspect of Egyptian daily life — including, by Ghali's logic, Egyptian foreign policy.

policy.
For 3,000 years — Egypt's best, you might say — the population ranged from 3 million to about 7 million, a number the Nile valley could comfortably sustain. (About 96 percent of the total area of Egypt was then, and remains, un-inhabitable desert.) At the turn of the century the population had grown to 12 million; that's about where it was when Ghali was in high school, he recalls.

Now it is a staggering 42 million, and growing at the rate of 1 million a year. Over one-quarter of the populace is crammed into Cairo, whose continuing sprawl is at the cost of critically needed ar-able land. An expensive effort is under way to irrigate and make fertile now-useless desert.

But for every acre of arable land thus gained, two are being lost along the banks of the Nile. Why? Because that priceless topsoil is the stuff of which bricks are made to build houses for the expanding population. It's a losing game, which is why Egypt has to spend several billion dollars a year for imports to meet more than half its

food needs.
About 40 percent of Egyptians live below the poverty level, ac-cording to one authority. Families forced off the shrinking farmland flock to the cities, where there are not nearly enough jobs even for college graduates. Cairo is an eyepopping study in sharp contrasts: donkey carts and Mercedes, large pockets of destitution and filth a few hundred yards away from the water-skiers and eight-oared shells skimming the Nile.

The strain on such services as water, sewage, transportation and telephones is unimaginable. A recent government report estimated that employed Egyptians spend 16 percent of their time commuting and only 4 percent at work - the exact reverse of the figures for the average working American.

There are no real rush hours in this city - just an all-day traffic jam. One reason: Telephone com munications are so overburdened that people find that the quickest way to do business is by personal

It comes down to a huge, growing surplus of Egyptians in Egypt: more than can be housed or fed more than Egypt can live with indefinitely, even in cruel conditions. And more almost certainly, than even Mubarak's inward-turning preoccupation with domestic

programs will be able to handle. Which brings us back to the connection between demography and foreign policy: At least a partial solution — a way of easing the pressure — says Ghali, would be for Egypt to "export" Egyptians to other Arab nations. It is not as farfetched or desperate a remedy as it sounds. Already about 3 million Egyptians work abroad: 1 million in Iraq: 500,000 in the Gulf; as many in hostile Libya; tens of thousands more scattered around in Sudan and elsewhere.

What has come naturally, Ghali would institutionalize, on a far greater scale. In the best of all Arab worlds, he envisages countries rich in land (or investment capital) absorbing the population surpluses of the land-poor. You can put it down now as no more than a dream. But the demographic driving force is real enough to make it one more reason Egyptian rapprochement with the Arab world is high on the list of Mubarak's foreign-policy impera-

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Publisher

Executive Editor

Editor

A Far-Right Dirge for Reagan Conservatism

pudiated policies of a wasted decade. ©/982, The Washington Past.

By David S. Broder

manent government.

WASHINGTON — The over-ture to President Reagan's State of the Union address was provided by some of his earliest and most ardent conservative supporters. In a series of news conferences and television appearances, these gentlemen, who share not just an ideology but a tendency to premature plumpness, quivered their young jowls and said that Ronald Reagan was straying from the cause of righteousness.

in a musical metaphor, they were bassoons. The temptation was to snicker a bit, as one laughs at the bassoon bleatings of Grandpapa, warning young Peter that if he plays in the woods, he may be eaten by the wolf.

But a more apt musical comparison was suggested by Jude Wan-niski, one of the guardians of supply-side orthodoxy. When asked about the mood of the conservative activists, who gathered in Washington last week to mark the anniversary of Reagan's inaugura-tion, Wanniski said, "It was a feeling of heartache."

The criticisms about Reagan from the true-faith conservatives fall into that rich literature of lovers' laments. They really cannot understand why the man who led them by hand from the exile of the post-Goldwater years to the promised land of the presidency should be asking them to abandon so many of the dreams they all

Reagan's heresies may not seem major to most voters who, the polls tell us, worry most about keeping or getting a job and managing the mortgage on a house. But if you have attended 16 consecutive annual banquets of the Young Americans for Freedom, where Reagan has burnished the dream that free Chinese will some day overthrow the Communist regime in Peking, it is hard to swallow your leader

berators" on Taiwan. When you know that Reagan knows, in his heart of hearts, that Henry Kissinger was a Rockefeller snake who tempted Richard Nixon into doing business with the Russians, then it is hard to abide Reagan embracing that Nixon-Kissinger protege, Alexander Haig, and allowing him to negotiate with Gromyko.

denying advanced jets to the "li-

The true-faith conservatives cannot accept the possibility of personal betrayal on Reagan's part. They cannot even abide the notion that the presidency may have changed his thinking. Beyond all that, they have too

many of their own hopes invested in him to end the affair. It would, quite seriously, break their hearts. So, they do what comes quite naturally to them: They invent a devil theory to explain why Reagan is being seduced from the path of righteousness. It is, they say, the mischief of the presidenadvisers who were chosen - in

the words of conservative fund-raiser Richard Viguerie - "on the basis of their experience and credentials," rather than their adherence to conservative ideology.

It may seem a curious sort of conservatism that rejects the importance of experience and credentials. But one of the favorite conservative writers, M. Stanton Evans, declared in last week's Human Events that with "the dumping of [national security assistant] Richard Allen and the departure of [political aidel Lyn Nofziger...the administration of Ronald Reagan is close to being captured by 'moderate' Republicans who opposed his presidential aspirations. The White House staff itself is heavily tilted toward the followers of

George Bush and others of even more liberal persuasion, while the management of foreign policy is firmly in the grasp of those who came to power as acolytes of Hen-

ry Kissinger.
"Here and there, some pockets of Reaganite resistance remain. Evans concedes. But neither he nor anyone else attempts to explain how this "takeover" has been possible, unless Reagan himself is either a dupe or so detached from his own office that he is oblivious to what is happening.

That far, they will not go. But there is more than disillusionment

being expressed here. The faithful are preparing their alibi for the possibility of Reagan's failure.

Heralder Tribune

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Stage: Faye Dunaway Wins Alfred's 'Heart'

By Carol Lawson New York Times Service

NEW YORK - That first moment was magical and transforming. It happened one hot September afternoon in 1965, William Alfred, a popular professor of English literature at Harvard, was in despair because he could not find an actress to play the role of Kathleen, the wife of an up-andcoming ward boss in Brooklyn, in his play "Hogan's Goat." He was nearing the end of yet another long day of auditions in a studio behind . Carnegie Hall.

"Then, we heard this wonderful electric step on the stairs," he re-calls, "and this incredibly beautiful woman came in. She had chestnut hair down to her shoulder blades and was dressed in a white leather suit. It was like a miracle. You knew right away there was something special about her. Even before she read anything, we knew we had found her. We had found our Kathleen

The woman, who was then 25 years old, was Faye Dunaway. Her opening Off Broadway on Nov. 11, 1965, in "Hogan's Goat," which was Alfred's first play and received excellent reviews, has become part of theater history. Overnight, it established Dunaway as a bright new star and launched her career in the movies. In addition, it established Alfred as an important new playwright, a dramatist praised as "one of the most eloquent voices" of the

Second Venture

"Hogan's Goat" also marked the beginning of a close friendship between Dunaway and Alfred that has deepened over the years and led to their second theatrical venture together, "The Curse of an Aching Heart." The play, which is bringing Dunaway back to the New York stage for the first time since "Hogan's Goat," opened Monday night on Broadway at the

and still a full-time professor at Harvard, describes "The Curse of and technical shape as an actress. an Acking Heart" as "a comic nov- I've been wanting to get back to el in five chapters." It is made up the theater and have a chance to of five separate works, which are played without intermission, depicting five pivotal moments in a woman's life, beginning in 1942. During the course of the evening, Dunaway, who is now 42 years old, goes from a 14-year-old teen- Dunaway's latest film, "Mommie ager on roller skates to a 35-yearold mother who makes peace with thingly lifelike impersonation of her troubled past. Like "Hogan's Joan Crawford. Thanks to the Goat," the setting is the Irish com-munity of Alfred's native Brooklyn. Alfred has been working on The Curse of an Aching Heart" since 1965, and says he never beats her wanted anyone but Faye Dunaway wire hang

["As it happens, both playwright and star fall — but not ignobly." of what I really am and less of

reviewer, said. "If The Curse of an Aching Heart' has the same leaden gait as this season's other female star vehicles, it does at least yearn to soar. "Yet, it's also true that Dunaway's absence from the theater has not dimmed her stage technique. She's usually in command. I wish I could say the same for Alfred, a sensitive writer whose heart surely aches for his cherished Brooklynites far more than this

bloodless play lets on."]
Like an absent-minded professor, Alfred managed to lose his manuscript for a couple of years, and found it in 1970 behind a drawer in a desk in his attic. That was also the year in which he returned to Broadway as the co-li-brettist of the short-lived "Cry for Us All," the musical version of

"Hogan's Goat." His career as a playwright never reached its promise, he says, be-cause of his commitment to teaching. Writing is a very slow, timeconsuming process for him. He maintains a heavy teaching sched-ule despite two heart attacks a few years ago, and during rehearsals of The Curse of an Aching Heart" was marking papers in the back of

Alfred showed Dunaway the script at every stage of its development. The playwright, who has never married, says he considers her "like a daughter to me." He keeps an apartment in New York and is a frequent visitor at Dunaway's home on Central Park West, where she lives with the photographer Terry O'Neill, and their 18-month-old son. Alfred and Dunaway like to get together for dinner, antique shopping and visits to museums. He contends that she is doing this play largely as a favor to

But Dunaway herself, who re-gards Alfred as "a member of my family," says otherwise. "I'm doing this play for myself," she remarked. I love the play — the writing of it, the language. Bill is a poet and playwright in one, really. Alfred, who is now 59 years old But I'm really doing this for meto get myself in better emotional work on skills and techniques that you don't get a chance to work on in film."

Another attraction of "The Curse of an Aching Heart" was that it is vastly different from Dearest," in which she gives a starfilm, the public now has an image of Dunaway as an egomaniacal actress who is also a monstrous child abuser, one who in a fit of rage beats her young daughter for using

"I felt I needed to break away Frank Rich, The New York Times what my film image is," she said.



A Guilt-Edged Portrait In 'Mommie Dearest'

By Vincent Canby

New York Times Service

New YORK — "Moramie Dearest" (which is opening today in Paris) is an extremely strange movie. In all rational ways, it's a mess. Its

ontinuity is vague. Its narrative is shapeless. It depends more than is absolutely necessary on the feelings we bring into the theater before we've even seen the movie, and, when the chips are down, it revels in show-biz cliches about the plight of the falling star.

Yet, it is a peculiarly engaging film, one that can go from the ridiculous to the sublime and back again within a single scene, sometimes within a single speech. Now and then it's intentionally funny. Sometimes it's unintentionally hilarious, but frequently it achieves that state of wild, out-of-control meloderne that is both comic and horrifiers. out-of-control melodrama that is both comic and horrifying.

It's also slightly unfair. One's attention is constantly diverted by the question of whether or not this is the way it really was, even as one reminds oneself that all movies, even those based on the lives of real people, recently deceased, are fiction, and that literal truth doesn't matter if the film itself works as cohesive fiction.

"Mommie Dearest" doesn't work very well, but the ferocious intensity of Faye Dunaway's impersonation does, as does the film's point of view, which succeeds in making Joan Crawford into a woman far more complicated, more self-aware and more profoundly disturbed than the mother remembered in Christina Crawford's book. Saint Joan of the fan mags is nothing much more than taxidermy. This lady is alive.

The principal problem with "Mommie Dearest," is not that it's vicious, which it's not, or distorted, which it may be, but that it doesn't make more effective use of the imagination, which is the basis of all fiction, including biographical films of this kind. Some of this can be explained by the fact that the film is, after all, Christina's reminiscence. It's not intended to be a full-scale biography

but, rather, the monimie dearest the daughter remembers. The odd thing is that through what appears to be the cumulative effect of unfortunate writing, casting, directing and acting, the character of Christina eventually turns into a sanctimonious, vengeful, colorless if pathetic prig. The key to "Mommie Dearest" — to its style and method — is the makeup that has been applied to Dunaway's face to achieve the Crawford "look," particularly that pair of thickly painted eyebrows that hover like the silhouettes of frigate birds over the large Crawford eyes. Al-

though the eyebrows don't especially look like those of the Joan Crawford one carries in one's mind's eye, they do characterize the movie, which, as played by Dunaway, is a serious caricature, done in bold simple, risky strokes. This is not a criticism but a description. In the way of good caricatures, like those of David Levine, Dunaway often achieves a series of fascinating, contradictory effects in a single

moment. She succeeds in stumning us with her rages, which, though they are inarticulate, are full of a kind of mysterious sorrow. They're also fiercely funny and terrifying in the way of things that are so shocking it takes a while to comprehend them. As in so many of the movies Joan Crawford made, especially toward

the end of her career, the men in the film are virtually faceless. It hits its high spots so early that it never again can top itself, and when Dunaway is off-screen, which isn't often, the film ceases to be. Dunaway, though, brings unexpected life and feeling to this full-length caricature. "Monmie Dearest" possibly will turn to be the all'American mother movie of

Ungaro's Collection Draws Heavy Applause

nai Aerald Tribun

PARIS — Applause, applause. Emanuel Ungaro today brought luster back to the world of haute countre with a collection that had all the right earmarks inventive cut, exquisite workman-ship, flawless delivery, fabulous fabrics and a deluge of silk and

Heavily applauded, it was just the right kind of collection for a front row of well-heeled celebrities (the same as Monday, plus the young Baronne David de Roth-schild, trading notes with Princess Caroline, in white this time.) Shown against the heavily gilded

background of the Musee Jac-

quemant André, with a quartet playing chamber music, it

pusying chamber music, it was a soothing collection, even if some of the clothes sometimes ended up looking like museum pieces them-selves, with some highly ornate brocade numbers harking back to the opulent Ballets Russes era. Actually, Ungaro, a master tailor who has managed to take the jump into the more treacherous world of limp silk dresses, had several collections rolled into one. A graphic, black-and-white line of softly tailored suits, the jackets ribhugging, slim spencers over very short skirts or knee-length bloomers. Then he fell into a trap

with some garish, geometric outfits in blinding color combinations. Grand Evening Clothes

- and into the circus world

Then he recouped with half-Bal-lets Russes, half-medieval outfits gold-streaked shawls, gold hair nets, long pointed sleeves ending with pearls, pointed waist cinchers and long medieval tunics over miles of knife pleats. Those evening clothes, grand without being the ballgown kind of bygone days, were very much applauded, a sure sign that French socialites, despite grumbling about the current government, are still not about to put ashes on their heads.

The spencer, which has always been on Ungaro's list, was still one of his most successful themes. With enviable ease, he repeated it in at least 10 different versions, in different lengths and fabrics. Some were in solid colors with starkly contrasting piping. Others were flowered with differently flowered lapels. Some were double-breasted with scalloped lapels. Some hit the hipbone, others stopped at the

He also loved bloomers. Some were glorified silk jodhpurs while others, more flirtations, stopped at mid-thigh. However, his very short skirts came across better, especially with Caroline who said: "Those bloomers are not very sexy. And they're very cumbersome to wear

Once again, Ungaro's major talent was in the mixing of fabrics and colors, with as many as six different fabrics in the same outfit. To give an example, one white spencer was piped with black and





Ungaro's silk pantaloons with spencer jacket; Philippe Venet's coats with painted stripes.

finished with checked, black-and- prints, always finished with pleatwhite lapels. Worn over high-waisted, black-and-white silk bloomers, it was topped by a lace shirt, a vest in a small rose print, with a cummerbund of tiny polka dots. In that same mood, Ungaro kept pulling combinations together with the expertise of a magician pulling tricks out of a hat. Al-though his black-and-whites were stunning he did manage a more

ed ruffles around the neck. Everywhere, Ungaro had those luxury touches, such as gold chains and pearls cutting across the satin sashes, like a man's watch chain, and satin Mary Janes, (pumps cut across by a strap) also streaked with gold. He followed his highly successful shawl of last season (the

one with two huge tassels at each end that became a best-seller, detender mood with pastel flower spite costing an arm and a leg) this

On the Arts Agenda

EUROPEAN TOUR --- The National Sym-Orchestra of Washington, under Bs director, Mstislav Rostropovich, will a European tour of 17 concerts on Feb. 4 in Zurich, followed by appearances Stutt-gart, Feb. 5; Munich, 7; West Berlin, 8; Manhelm, 10; Endhoven, the Netherlandn, 10; Enchoven, the Netherlands, over, 12; Vienna, 14 and 15; Am sterdam, 17; Doesseldorf, 18; Poris, 19; Lon-don, 20; Brussels, 22; Homburg, 23; Borcelo-na, 24, and ending Feb. 25 in Madrid. The repertory includes two pieces by American composers, Leo Sowerby's "Comes Autumn Time" overture and Samuel Barber's "School composers, two Sowers's Comes Amenin Time" overture and Somuel Berber's "School for Scandal" overture, a work commissioned from William Walton, in Loadon, and works by Schubert, Schungern, Tcholicovsky, Bee-tleoven, Wagner, Shostokovich and Stravin-sky. The orchestra, in its 51st season and its 57th under the resulted disaction of Restronge.

will make his debut as a stage dire a new production of Wagner's "Parsifal," production will have its first per-ice at the Grand Theatre on Feb. 29. Sets will be by Petrika lonesco, coster Bernard Dayde, and choreography by Seton and Allison Chase, Horst Stein will conduct, with Siegfried Jerusalem and Jon Victors sharing the title role, and Tom Krause

- huge but pleated and worn across the neck, it fluttered as the model walked like a gigantic butterfly. Those were worn with the opulent Ballets Russes outfits. which featured layers upon layers of finely pleated brocade.

Away from the madding crowd, fashion outsider Philippe Venet, a talented, unpretentious man, has been quietly making the most beautiful coats in Paris for years. Now, he's finally hitting the jackpot with a collection of handpainted, geometric coats and matching silk chemises. Those outfits are done in bright, summery colors, a treat in Paris, where summer collections often tend to look very dark.

Bright yellows, pinks and blues make a happy group that Venet will show to Palm Beach next week for the first time. Venet was also smiling because he has sold his name to a perfume company (with the first toilet water for men launched next April, his first perfume next year). He is also selling well at Carita's, a Los Angeles boutique, and his name is now well known enough to bring him a number of well-paying licenses,

Close Greenland Vote Seen on EEC Pullout

By Roger Cohen Resters

BRUSSELS -- Citizens of Greenland are to vote next month in a referendum that could halve the land area of the European Eco-

The vast territory's 50,000 people will be voting on Feb. 23 on whether to remain in the EEC, and Danish diplomatic sources here say the vote is likely to show a majority opposing continued mem-bership.

No other territory or country has ever withdrawn from the EEC since its establishment in 1957. Officials of the EEC Commission say a withdrawal by Greenland could set a dangerous precedent at a time when both the new Socialist government of Greece and the opposition Labor Party in Britain are also talking about their countries' leaving the Common Market.

Greenland entered the community with Denmark in 1973 in spite of the opposition of 71 percent of its citizens who voted in a Danish referendum the previous year. As an integral part of Denmark, the territory had no choice. Its voters were heavily outnumbered by

mainland Danes. But in 1978 Greenland won home rule, and it has been governed since then by the Siumut Party, which is opposed to Com-mon Market membership.

Simmut is determined to steer Greenland out of the community. It has organized the referendum, and the odds are it will get its way," a Danish diplomat here said,

Danish Opposition

Denmark, which has both financed and provided the skilled personnel for the territory's modernization program over the past 25 years, is opposed to Green-land's withdrawal.

It has urged the country's population of Eskimos and Danes to vote to remain in the community, saying withdrawal would bring economic hardship and isolation. but it has added that it will not stand in the way of a decision to

16 Are Reported Dead After an Attack in Iran

BEIRUT - Sixteen persons were killed in an attack by people "counterrevolutionaries" on the police station and governor's office in the Iranian city of Amol, Tehran radio reported Tuesday. The official radio station, monitored in Beirut, said several arrests were made after the Monday night attack. Amol, 75 miles (120 kilometers) northeast of Tehran, is a

stronghold of leftist guerrillas.

The Greenlanders' opposition to EEC membership is based on what they see as unjustified encroachments made by distant community bureaucrats on the territory's main natural resource — fish.

Because of EEC regulations, Greenlanders have only a 12-mile exclusive fishing zone around the island, although the commission has in practice given the territory's fleet the right to catch all the fish it Can.
Despite that, Greenland's inhab-

itants, most of them Eskimos, have been angered by a system which prevents them from bolding exclusive fishing rights to all their territorial waters and has allowed foreign fleets to catch millions of dollars worth of fish there in recent

Greenland, which lies approximately 2,000 miles (3,200 kilometers) from the European mainland, has an area of 846,000 square miles (approximately 2.2 million square kilometers), making it big-ger than the rest of the EEC.

Danish sources here said the referendum results are likely to be close but that there was evidence that in recent months the majority in favor of leaving the EEC had

Poul Dalsager, Denmark's minister of agriculture and fisheries, made a special visit to Greenland last October. The sources said his address to the parliament, defending EEC membership, appeared to have had some effect.

Both Danish and EEC Commission attempts to persuade Green-landers to stay in the community have centered on the large eco-nomic benefits it has derived from

In the past five years, more than 100 projects in the territory, worth an estimated \$50 million, have received grants from the community's regional fund. Improvements in Greenland's fishing fleet have been financed in this way.

If it withdrew, the territory also would risk losing a large part of its export market. The bulk of its exports go to the EEC and might be subject to heavy tariffs if Greenland left the Common Market. Danish sources said Greenlan-

ders want to negotiate some kind of associated EEC status that might preserve some of its current privileges, but Mr. Dalsager has stressed that such an arrangement

may not be possible. EEC sources said that Common Market officials are also worried that Greenland's departure from the community might also lead to the territory's departure from the Western fold. A large U.S. air base at Thule in northern Greenland forms a key part of NATO defens-



Pinochet Assailed at Frei Rites in Santiago

SANTIAGO — While a crowd repeatedly screamed "Assassin," President Augusto Pinochet and members of his military government attended the first of two functule Monday for former President erals Monday for former President Eduardo Frei. Sources within the Christian

Democratic Party, which Mr. Frei founded, said that Cardinal Raul Silva Henriquez devised the plan for two ceremonies to avoid possi-ble friction between the government and its political opponents.

The first ceremony, at noon, consisted of a liturgical reading by the cardinal. The public was barred and kept back from the Metropolitan Cathedral by a police cordon. The only family member to attend that ceremony was Mr. Frei's eldest son Eduardo.

Gen. Pinochet, in white dress uniform, smiled and flashed the victory sign as he left the cathe-He ignored the shouting, which was aimed at the the military regime's human rights record. He was hustled into a car and was. sped away with a motorcycle

Police jostled the crowd and arrested at least three persons.
"This ceremony was imposed by protocol," said Enrique Kraus, a

3 U.S. Sailors Killed on Ship

SAN DIEGO - Three sailors were killed Monday when a gas line ruptured aboard a U.S. muclear-powered, guided-missile cruiser in San Diego harbor, a naval spokesman said Tuesday. Christian Democratic leader and family friend. For the family and his friends it has no meaning for us cathedral and sang and applauded as the cardinal eulogized the former president, whose body had The funeral Mass was held at 4 Saturday.

p.m. in the cathedral, and the buri-al followed at Santiago's General Cemetery. Mr. Frei's family had invited the entire nation to attend. Thousands of Chileans packed the Plaza de Armas in front of the mer president, whose body had lain in state at the cathedral since

The cardinal said that Mr. Frei was "a democrat and a Christian." and that "his voice will continue resounding within Chile."
Mr. Frei, who died Friday at 71,

U.S. Urges Congress to Double Quotas For Canadian and Mexican Immigrants

Les Angeles Times Service
WASHINGTON — The Reagan administration has urged the dou-bling of quotas for immigration from Mexico and Canada, permitting 40,000 persons to enter the United States from each country

At a hearing Monday before the Senate Judiciary Subcommittee on Immigration and Refugee Policy, State and Justice department officials endorsed the establishment of the special quotas for Mexico and Canada as a recognition of "our special relationship and common orders with our closest neigh-

The allocations, twice that for any other nation, would also per-mit visas not used by Canadians to be used by Mexicans, Canadian immigration is traditionally smaller, making possible the entry of as many as 55,000 or 60,000 Mexicans annually if the new system is approved by Congress. Diego C. Aseno, assistant secretary of state for consular affairs, said the administration's proposals for a new immigration law would establish a maximum of 310,000 visas a year. But he said that the administration would continue its open-door policy for immediate relatives of U.S. citizens and for an indefinite number of refugees, the latter determined each year in consultation with Congress.

200 Reported Dead In Peru Jungle Flood

LIMA — Heavy rains in a jungle region northeast of here flooded the town of Uchiza and 200 persons were reported dead, the civil

defense agency has reported.
The agency said that the Chantayuca River overflowed its banks Sunday, also leaving about 600 families homeless by Monday in Uchiza, a village about 400 miles kilometers) northeast of

which the speed began to drop un-til the plane hit the 14th Street Bridge and crashed into the Potomac River, the agency said. Seven-ty-four of the 79 persons on the plane were killed along with four persons who were in vehicles on Asked whether ice on the plane

could have affected the data, offi-cials acknowledged that it could have produced false readings on the recorder and on the cockpit in-struments monitored by the crew. The plane, bound for Tampa and Fort Lauderdale, Fla., took off from National Airport in a se-

speed of 147 knots, or 169 miles (270 kilometers) per hour, after

vere snowstorm. It headed north from the airport at an unusually low climbing rate, according to several witnesses. Witnesses also said the aircraft's nose appeared to have been tilted at an unusually high angle. The data from the recorder were

made public on Monday by Fran-cis H. McAdams, the safety board member who is overseeing the accident inquiry. "It would appear that the aircraft was not accelerating as it should have," he said.
Rudy Kapustin, chief of the in-

vestigation staff in the case, referring to the indication that the plane's maximum altitude was 337 feet, said, "The airplane under normal conditions would have been a lot higher at that point." The safety board said the recorder showed the plane's speed had dropped to about 128 knots, or

miles per hour, at the time of

the crash. Mr. McAdams said a

speed of 123 knots was necessary to keep the jet aloft.

The recorder data have been sent to Seattle, where the Boeing Co., manufacturer of the plane, will correlate the information with data still to be obtained from the cockpit voice recorder and tapes of

plane-to-tower conversations Ice Blocks Danube, Elbe The Associated Press

PRAGUE — Ice reaching a thickness of 60 centimeters (23 inches) has blocked navigation on the Danube and Elbe rivers, the Czechoslovak news agency CTK reported Tuesday.

mainly in Japan. Slow Takeoff UN Body Grants Funds

Of U.S. Crash By Juan M. Vasquez Los Angeles Times Service

By Richard Witkin . New York Times Service ACAPULCO, Mexico - Participants at a 35-nation conference on NEW YORK - First readings from the flight data recorder redevelopment of news and informacovered from the Air Florida plane that crashed in Washington on Jan. 13 indicate that the plane took tion programs have decided to provide nearly \$3 million to support 17 programs designed to improve about 15 seconds longer than normal to take off, the National Transportation Safety Board has communications in Third World countries.

The 10-day conference, which ended Monday, was the second meeting of the Unesco-backed In-ternational Program for Develop-The twin-jet Boeing 737 reached a maximum altitude of 337 feet (10.8 meters) and a maximum ment of Communications. That program has generated a long and acrimonious debate among nations over what some perceive as efforts to bolster state control of the news

Throughout the conference, the United States steadfastly refused to participate in direct funding for the program in favor of bilateral assistance to Third World nations. But the head of the U.S. delegation expressed satisfaction at the out-

"The viability of the enterprise is still in doubt, but it seems to be heading in the right direction," said William G. Harley, a State Department consultant to the United Nations Educational, Scientific and Cultural Organization. Mr. Harley was referring to the communications development pro-

Apparent U.S. Relief His comment reflected apparent

relief within the U.S. delegation that the conference did not discuss a number of ideological themes. Among the topics that have been discussed in the past — but were avoided here — were a code of conduct for journalists, the licensing of reporters, and a defini-tion of the so-called New World Information Order favored by some Unesco members.

One of the contentions of the smaller nations is that Western news agencies such as The Associated Press and United Press International, both U.S.-based, dominate and slant the flow of news to and from their countries.

Thus, the conference approved \$100,000 to support the Pan-African News Agency, a consortium of 48 African nations that will provide news from that continent to its member countries. Similarly, \$80,000 was provided for support of a project called the Asia-Pacific News Network that will do much the same as the Pan-African News Agency in Asia.

In all, 54 projects were considered. They would have cost \$30 million if all had been approved. But the agency had only \$3.1 million in contributions in hand.

Mr. Harley said U.S. delegates had extracted a pledge from directors of the Pan-African News

Found in Data For Third World Media Agency not to interfere with the work of competing international news agencies nor to try to become the exclusive distributors of news

in any African country. That was one of the main fears expressed by the World Press Freedom Committee, a watchdog agency in the realm of news and information whose executive director, Dana Bullen, attended the conference as an official observer.

And the American Society of Newspaper Editors issued a state-ment opposing "without equivoca-tion any attempt to approve or impose state monopoly or state censorship of news through the muchdiscussed New World Information Order or anything resembling it."

At the close of the conference, Mr. Harley congratulated the participants for exercising "commendable restraint and... the avoi-dance of political intrusions."

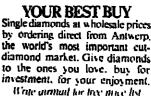
Italy Sentences Libyan For Trying to Kill Exile

The Associated Press

ROME — A Libyan has been sentenced to 15 years imprisonment for attempted murder in one of a series of shootings by so-called "death squads" who stalked Libyan exiles in Europe two years

Merwin Belgassem Mansur, 27, was convicted Monday of firing three pistol shots at Salem Mohammed Fezzami, a Rome res-taurant owner, in May, 1980. The shots went wild as Mr. Fezzani threw himself to the floor of his restaurant. Police said Mr. Mansur told them he had been "sent by the Libyan people to kill opponents of





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Banco Ambrosiano (Overseas) Limited, Nassau

Artoc Bank and Trust Limited, Nassau

Are pleased to announce that their respective shareholders are considering a merger of the two organisations. It is anticipated that this merger might be completed during the coming months and thereafter the new bank will embark on a programme of major business expansion in Europe, North Africa, Bahrain and the Far East.

The new group will be headquartered in the Bahamas.

Ludwig Gives Up Jari To Brazilians

RIO DE JANEIRO — U.S. billionaire Daniel Ludwig has put his dream of carving a commercial empire out of the Amazon jungle into

In a ceremony at the presidential palace here, a group of Brazilian companies with government backing Monday took over key parts of the Ludwig business, ending a 15-year, billion-dollar struggle for the shipping magnate.

Mr. Ludwig, 85, was not present for the sale of forest lands, a wood-pulping operation, kaolin mineral deposits and herds of water buffalo, cattle and other property.

lin mineral deposits and herds of water burtalo, cattle and other property.

His vast rice-growing project as well as deposits of bauxite were not included, though the
man behind the deal, businessman Augusto de
Azevedo Antunes, was quoted in press reports
as saying further deals for these are sought.

The contract was signed by a Ludwig representative and officials of a new firm, Companbia do Jari, formed by 23 major Brazilian enterorises to run the project.

terprises to run the project.

Historic Step Seen

In a speech, President Joso Figueiredo said the takeover by Brazilian interests of the Jari project represented an historic step in the development of the Amazon.

Details of the deal were not immediately clear although the state-controlled Banco do Brasil was taking over Mr. Ludwig's biggest debt, 35.4 billion yen (\$153-million) owed to a Japanese firm, Ishikawajima-Harima Heavy Industries, for a wood-pulping factory.

Mr. Ludwig had the plant built in Japan and towed around the world and up the Amazon and Jari rivers where it was the main cog in a and Jari rivers where it was the main cog in a billion-dollar scheme to produce pulp for world markets, taking advantage of the jungle climate to grow pulp trees rapidly.

Of \$100 million in capital for the Brazilian-controlled company, \$40 million was being put up by Mr. Azevedo Antunes' Caemi mining

group in exchange for control of the deposits

paper-making.
The 22 other companies, which include mos of Brazil's biggest private banks, insurance an construction companies, were investing equi shares of about \$2.7 million each.

In a letter to Mr. Azevedo Antunes, Plar ning Minister Antonio Delfim Netto said th government would be responsible for the conmunications, transport and other infrastru-ture of Jari, which covers 1.6 million hectare (4 million acres), or an area half the size (Belgium.

U.S. Panel Backs Fees on Futures

WASHINGTON — The Commodity Ft tures Trading Commission Tuesday voted t recommend that Congress adopt legislatio that would impose user fees on all commod ties futures transactions. The revenues are intended to offset the agency's expenses.

The commission agreed with a staff recommendation that market participants who at not members of an exchange or the National Futures Association should pay a higher fla fee per contract than exchange and NF.

Philip Johnson, CFTC chairman, said the as a result of the commission's vote, the agenc in the next few months will include a propose fee on futures contract transactions in its ret ommendations to Congress for reauthorizin the CFTC's operations. The current authorit for the CFTC expires in October.

The exact size of the fee was not determined although the CFTC staff has been studing proposals aimed at raising \$15 million annually. The agency's entire budget in fiscal 1982 is \$1

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Banking and Finance in BELGUM

A SPECIAL SUPPLEMENT

Confidence Counts

WILLY DE CLERCQ has been in and out of the Belgian government since 1960 and has had wide experience in running Belgium's financial affairs. His Flemish Liberal Party gained in the fall general elections, and he is now back in charge of Belgian finances. He was interviewed by

Question: Belgium has lost some of its reputation for financial stability among international bankers. Will the government's program with its special powers help restore confidence?

Answer: There's no doubt about that. The urgent need for a pro-found change in the social-economic policy pursued until now is precisely the justification of these special powers. They are aimed at economic and financial recovery, the reform of public expenditure and the creation of jobs. These are not the only objectives.

The practical implementation of this change of policy can only be undertaken after the approval of special powers by Parliament (low-er and upper houses), but the content and spirit of the law in question and the government's state-ment show clearly that the govern-ment's economic and financial policy is on the right path. Had Belgium followed this kind of policy over the past 10 years, it would never have found itself in the situation to which you refer.

The new policy directly attacks the precarious situation in which we find ourselves. The characteristics of this are excessive burdens on firms — wages, fiscal and social commitments, interest rates and

These costs have led to a fall in firms' profitability, over-indebted-

invest, a loss of their competitive position and, as a result, unem-

Cause and Effect

The sharp rises in public expenditure, taxes and para-taxes — and the rise in the budget deficit are all linked to this general deteri-oration and play a complex role of cause and effect. Now we face the difficult road leading to the root of the trouble and recognition of the basic truth that the firm is the basis of the growth of the economy, just as the family is the living cell

This is why the government has emphasized the reduction of firms' tax liabilities, restraint for wages and social costs, special attention for productive investments and those for energy saving. Industrial restructuring also means risk capi-tal, reduction of public and foreign debt, a lowering also of tension on the capital markets and lower in-

policy, for the thrust is for higher productivity, a movement from consumer to investment expenditure, a movement from the nonprofit and collective sectors toward a productive sector, which is the real basis for prosperity and

The international situation is an



JANUARY, 1982



Deputy Premier and Finance Minister Willy de Clercq

nomic balances - external balcounts — even a dynamic international climate would not save our ty and so automatically and rapid-

structural change in the basic eco- country from a catastrophic setback. That's the reason for the new ance, public expenditure, firms' ac-policy, which is the only one that can return our country to prosperi-

Brussels Stock Exchange Index

(Prices from Jan. 4, 1980, to Dec. 31, 1981)

ly re-establish our reputation

Honoring our foreign commitments and protecting our currency are well within our means, particuthing, has managed to limit the

general rise in prices. Q.:There is widespread criticism over the level of public spending. How can the budget deficit be re-

A.: A reduction of the budget deficit is a sine qua non of economic recovery. With this in mind, the government will introduce a 1982 budget with a maximum defi-cit of 200 billion Belgian francs for current affairs, just as the EEC Commission recommended. The long-term government aim is to balve the overall public sector deficit, which will remove the need for

foreign borrowing.

Tax levels of all kinds in Belgium are now such that one can no longer reduce the deficit by increasing this overall burden.

Review of Taxes

On the contrary, firms' payments will be reduced while individual taxes will be reviewed with the intention of promoting the will to work and creating a more favor-able system for families.

Reducing all public expenditure in 1982 by BF130 billion (with the exception of interest on the public

(Continued on Page 9S)

New Government Pins Hopes On Special Economic Powers

By Alan Tillier

TALK OF RUIN and national catastrophe has given way to cautious optimism as Belgium's new center-right government adopts special powers in an effort to restore a near-bankrupt economy. The special powers bill has passed the lower house and awaits Senate approval. The bill will enable the new Christian Democrat and Liberal government to impose austerity measures for a year without parliamentary approval.

Premier Wilfried Martens, his fifth time in the top job within the last three years, is to make a determined attack on the massive public and foreign debt. At the same time, he will reduce the tax burden on industry in the hope that Belgi-um's competitive position will become sharper. A third major policy move will be to persuade workers to suspend the wage indexation structure and accept a rise in the nation's wage bill of only 3 per-

The view is that Martens' new government could just pull it off. Polls give him a personal rating of 57 percent, while 44 percent against 37 percent approve of the need for special economic powers that are wider than anything seen in recent years in Western Europe.

On New Year's Eve, the ball-room of the Hilton Hotel in Brussels was packed with Belgian revelers spending francs galore and it was difficult to believe that Belgium was in the midst of a grave economic crisis. There is now general awareness, however, that the country is at a crucial stage, and one sure sign was that a "back-lash" from the Belgian Socialist Party, now out of power following

Friday closing price

40-week moving avg.

†18-week moving avg.

Weekly high,low



Premier Wilfried Martens

the recent elections, and its union allies was not immediately felt. Deputy Premier and Finance Minister Willy de Clercq pulled no punches in his assessment of the situation before Parliament. He cited foreign debt of 388 billion Belgian francs, weakness of the franc, a sharp drop in investments, a rise in unemployment to 12 percent, an "explosion" of the public debt — the net deficit of the state is 13 percent of the gross national product — excessive wage increases and blatant lack of budgetary control. In answer to this, the government was prepared to stimulate exports and investments on the hand, and reduce the wage bill

current account and capital ac-

count. Under the present BLEU

exchange-control arrangements governing the two markets, which

apart from minor modifications

have been in force since 1971, all

trade-related payments as well as various service and transfer pay-ments must pass through the "offi-

Wide Spread

ments (private travel expenses that are not paid through travel agen-

cies and certain remittances) must

be settled through the "financial"

market, however. Some types of transactions may be channeled through either market: portfolio

investment income (a current-ac-

count transaction in the balance of payments) and certain direct in-

vestments (capital-account trans-

actions). Yet, the "official" market

is essentially for current-account

Some service and transfer pay-

cial" market

Stock Market's Rally Seen as Only a Start

By Roland Leuschel

WHEN it became apparent in early December that a new strong government was taking over, the international Brussels stock market turned Belgian again. Prior to Dec. 11, Belgian inves-

tors hought foreign stocks and sold Belgian stocks to foreigners. Since then, however, foreign investors have been buying even more Bel-gian stocks than Belgian investors planned on selling.
The result was that the market

posted a strong rally with large volumes traded. Trading in De-cember reached a record BF6.09

Foreign investors have reacted

favorably to the intended measures of the new government and have also taken

advantage of the high discount of the financial franc...

billion, 66 percent of which was in Belgian stocks and 34 percent in foreign stocks. Yet, for the whole year, volumes of foreign stocks (57 percent) continued to a stocks (57 percent) continued to exceed those of Belgian stocks (43 percent).

The question is whether foreign investors are smarter than Belgian investors, and who will eventually make the greater profit. Only the

future can tell. Foreign investors reacted favor-

Roland Leuschel is an investment adviser with the Banque Bruxelles

ably to the intended measures of opportunities provided by the high

iscount of the financial franc.

The tax incentives intended to stimulate stock market investment will leave Belgian taxpayers with the following options:

 An income tax deduction of at least BF50,000 (plus BF10,000 per dependent), provided that the amount is invested in Belgian stocks or in mutual funds incorporated in Belgium and invested in Belgian stocks.

 Or a 10-year exemption of in-come tax, inheritance and donation duties on the amount invested in new shares issued by Belgian

Furthermore, the 6-percent val-ue-added tax on gold transactions is to be abolished. When these measures are enact-

ed, stock prices in Brossels are likely to surge strongly ahead, as did French stock prices after 1978 when the Loi Monory was passed (the index of French stocks rose more than 100 percent), and as did Swedish stock prices in 1981 when a similar law was introduced (the market advanced 50 percent).

Cash Market Index

In recent weeks, the cash market index of Belgian stocks jumped ahead 20 percent and rose from its 1981 low of 69.53 to 88. Purchases came mainly from abroad and many Belgian investors availed themselves of the climb to accumulate unexpected capital gains. This new income might be used for fi-nancing the expected wave of capi-

The market will continue to rise. This assumption rests on the following factors: Belgian stocks are still largely

undervalued. Based on the Banque Bruxelles Lambert (BBL) index, stocks are currently selling at less than 10 times estimated 1982 earn-

ings.

• The cash market index is still

58 percent away from its high of 142.33 registered in June, 1973.

• This year, a number of mutual funds might be set up by the big commercial banks and perhaps also by the semipublic financial in-

stitutions. Taxpayers in Belgium, even more than elsewhere, try to pay as little tax as possible. Inves-tors, for example, with a tax rate of 50 percent (the maximum rate is 72 percent) would not pay BF4,400 for one Petrolina share, but in effect BF2,200 because of

the new tax advantages.

As they could deduct an amount from the dividend tax paid by the company in question equivalent to the interest due on their mortgage loans, some investments for Belgian residents would yield up to 50

percent. According to preliminary estimates, these measures are expected to attract about BF10 billion of fresh capital to the stock market each year.

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Capital Increases

Many companies will increase their capital. Under Belgian law, however, the issue price must ex-ceed the par value of the stock. Banks regularly seek to raise their capital in order to bring their equity into line with total assets and the growth of their lending, whereas the public utilities will also be getting in line for new

Unlike what happened in the past, such capital increases should stimulate rather than depress the

market. Generous dividends, it is hoped, will attract investors. It is anticipated that another BF10 billion of fresh money will come into the market.

EUROPEAN INVESTIMENT

Foreign investors at present have an advantage. They can still buy Belgian stocks at financial market rates, which are 12-percent lower than official market rates (the official market is regulated by the National Bank and used for count may abruptly disappear, however, as soon as the feeling grows in the international financial community that Belgium will not devalue its currency.

Another important point is that the rally in the stock market is due to foreign investors, and with the

creation of the new mutual funds, the Belgian investors will step in after the foreign investors. Normally, the contrary happens.

The electric utilities INTER-

COM and EBES, in particular, afford generous yields (more than 12 percent net for nonresidents). Other high-yield stocks include GB-INNO-BM, Tractionel and Solvay. Quality growth stocks such as Petrolina, Delhaize and Wagon-Lits will continue to be favored. When the first unpopular economic measures are taken, the market may be in for a setback.

That is the right time to commit the second half of any funds ear-marked for investment in Belgium. The first half is ripe for investment

Foreign Exchange: The Two-Tier Market the other market has never corresponded exactly to the division in

By Michael Sutton

LONE in Western Europe, Belgium and its smaller sister country, Luxembourg, have a twotier foreign exchange market in the framework of the Belgium-Luxembourg Economic Union (BLEU).

"free" exchange market for capital transactions was set up in 1954 alongside the "regulated" one for current-account payments. Initially, this free exchange market was open only for transactions within the European Payments Union, but as early as 1955 it was enlarged to cover the dollar area as well. Despite its reticence about the very idea of a dual exchange rate system (of which one rate was floating), the International Monetary Fund approved the BLEU's two-tier market arrangements almost from their outset.

Although the "free" or "finan-cial" market had been designed as a mechanism appropriate for the Belgian franc's position as a basically strong currency, it came to be seen also as a useful mechanism under quite different circum-stances, it was able to serve as a safety valve that protected the "regulated" or "official" market and hence the National Bank of Belgium's foreign exchange reserves — from speculative or other untoward capital-account

This was evident during the Bel-gian Congo crisis in the summer of 1960. It has also been evident in more recent years, including last year, when the Belgian franc has been buffeted on the exchange markets. Much of this speculation has necessarily been confined to the "financial" market, but it is only on the "official" market that the National Bank has been obliged to intervene so as to respect the parity margins established under the European Monetary System (and earlier under the European "snake" agreement). The division between types of

transactions and the "financial" one essentially for capital-account transactions. The volume of trans-actions settled through the "official" market is much greater than the volume settled through the "free" one.

There has been a wide, if fluctuating, spread between rates on the two markets, with the dollar (and other foreign currencies) at a premium on the "financial" one — that is, the dollar's rate in Belgian francs has been higher on the "financial" market than on the "official" one. In the second half of 1981, this spread was enlarged to

an unprecedented extent, reaching
16 percent before falling.
The reason for this relative
weakness of the Belgian franc on the "financial" market lies in the marked deterioration in the BLEU balance of payments since the mid-1970s. This has led to the Belgian currency's tendency to be weak on

(Continued on Page 8S)

Banker: 'The World Needs To See That There Is a Will'

with Societe Generale and Banque Bruxelles Lambert, has concentrated on the development of Flanders, its birthplace, on maintaining its fourth-ranking world position for Eurobond issues and on "refraining from stakes in industry," in the words of its new president, Edward Wauters.

The bank's parent company, Almanij, offers a wide variety of financial services to the public and industry, but has no direct investment in industry as Societe Generale de Belgique does. This traditional banking role has not pre-vented Kredietbank (79th in the world, balance sheet BF538 biliion, estimated 1981 profits BF1.8 hillion) from speaking out force-fully in 1981 about the "dramatic"

K REDIETBANK, a member of the Belgian economy. The adjective was used specifically to describe the state of public finances and the balance-of-pay-

Mr. Wanters says that the new government is "one of the best that has a chance of working. The coalition is good, its members are good and they are motivated by this tragic state of affairs. People here and abroad expect them to do something. If the government takes a firm stand, if it carries out its program, then Belgium's credit rating will even improve. The whole world, however, needs to see that there is a will."

The bank, formed in 1935 from the merger of two small Flemish banks, has increased its assets five (Continued on Page 98)



Belgians Urged to Employ Sharper Management Skills

By Jacques Thierry

FEW PEOPLE would dispute T the fact that the Belgian economy is in serious trouble. Consumption is outstripping produc-tive investment and exports. There is too much income alloted to households, but not enough to the corporate sector, while public sector budgets are heavily out of balance due to the financing of an overextended welfare state. The nonproductive sector of the economy is developing at the expense of the productive sector, which is shrinking in size.

"The whole country is sold out and is going down." This is a re-mark on Britain made by one of the characters in Graham Greene's novel "Travels With My Aunt," published more than 10 years ago. As far as Belgium is concerned and as a matter of principle, I personally refuse to go along with such pessimists, as I am convinced that it is not too late to take the corrective measures to overcome following political or academic re-the Belgian criss. following political or academic re-search efforts were made:

The Belgian population is pro-foundly attached to the kind of industrial and service economy it has built up since the early Industrial Revolution, not forgetting the large contribution of foreign inves-tors, especially in the 1960s and 1970s. People are by and large ready to make the necessary effort in order to conserve the advantages of the way of life and standard of living reached at the beginning of the oil crisis. The Belgian population could well accept changes that will be required.

Economic Policy

A large amount of work has been done toward the diagnosis of the Belgian sickness and the formulation of a new economic policy. In the course of last year, the

Jacques Thierry is the president of the Banque Bruxelles Lambert.

transaction to be settled on one or

• The emergency plan of Prime Minister Wilfried Martens presented on March 29, 1981, which caused the downfall of his fourth Cabinet.

• The blueprint of the Planning Office on Economic Perspectives and Medium-Term Strategy that appeared in May, 1981. The economic policy recom-

mendation of the European Economic Community Commission to the Belgian government issued on July 22, 1981. • The Report on the Economic Future of Belgium, prepared on behalf of the King Baudouin

Foundation by a group of eminent personalities chaired by Prof. H. Vander Eycken. The new Martens government, which took office in December,

1981, has made clear its intention to give priority to a new economic and social policy and to the effec-



Jacques Thierry tive functioning of the recently re-

People at large are becoming (Continued on Page 9S)

be undertaken.

The government is seriously

trying to increase risk capital while

persuading workers that wage deflation is a necessity. It hopes that

1981's 1.25-percent drop in GNP

will move to a 1-percent rise this

year. Workers at the Bruxelles Lambert bank who have accepted

a 5-percent wage cut (bank profits rose from BF304 billion to BF723 billion) will set an example for oth-

Although Belgium wants to stop borrowing abroad, it will almost certainly have to go to the market again. The state's borrowing re-

quirement is expected to be in the BF500 billion to BF550 billion range this year. Mr. De Clercq and

his colleagues are hesitating about whether to launch a \$1.5-billion

jumbo loan, given Belgium's un-

certain rating, but there is little doubt that the money will be

raised, albeit in smaller chunks.

The government is also raising BF40 billion to BF50 billion on

the internal market with a 14,30-

the franc, despite rumors in other

capitals of a devaluation. The Bel-

gians have never formally de-

valued their franc, and many

bankers feel a devaluation would

The view is that the government

will probably reject a devaluation,

if only for psychological reasons, and that it will not follow any pos-sible devaluation this year of the

French franc. A minority view,

however, is that the Belgian franc

could move downward by 7 per-

cent to 8 percent. As important are

concessions and loans designed to bring home BF250 billion to BF300 billion that are now abroad.

Alan Tillier, a Paris-based inde-

only increase the foreign debt.

It seems determined to defend

percent loan.

ers, or so the government hopes.

The Belgian Capital Market

Total amounts floated in the past five years

(billions of	Belgion franc	s)	•	
	1977	1978	1979	1980	1981
Shares	10.23	9.54	5.59	1 <i>.7</i> 0	0.31
Convertible bonds	0.63	_	2.50	_	_
Real estate certificates	0.33	0.90	2.45	0.38	_
Industrial bonds	3.63	_	_	5.00	5.00
Government bonds	167.80	185.00	196.00	154,80	144.00
Other bonds of the public sector	102.50	95.00	81.70	<i>67.5</i> 0	98.50
Bonds floated by international institutions	1.50	4.50	4.00	2.00	2.00
TOTALS	286.62	294.94	292.24	231.38	248.81

Hopes Are Pinned on Special Powers

(Continued from Page 7S) and energy costs for firms on the

The special powers will run for an effective 10 months by the time the Senate has approved them. Some bankers take an alarmist view, saying that gold and foreign currency reserves total BF750 billion, against liabilities of BF550

Government and banks are aware that Belgium's prime rating on the Euromarket has been sapped by a long economic decline plus a year of political infighting that led finally to the election of a seemingly strong government.

Belgium wants to reduce its dependence on foreign loans, which totaled BF230 billion last year. A banking world faced with Poland and Zaire is hardly likely to downgrade Belgium, yet a prominent Belgian banker stated: "It is clear that Belgium has lost its image over the past three or four years. On the other hand, Belgium is one of the richest countries of Western Europe. You just have to look at the high density of cars, banks, chemists, schools, home ownership. There are more homeowners here than in West Germany. I myself am better-paid than I

would be in West Germany." The argument about economic slump also hides the fact that the Belgian worker is probably the most productive in Western Eu-

The Belgian disease is that public spending and handouts have raced away. The Belgians now are in for a year of austerity that could well extend in one form or another to a period of four years, given po-litical approval. The planned measures include:

 The reduction of the standard corporation tax from 48 percent to 45 percent. These taxes had increased during the decade from 30 percent, and to 52 percent in some

• The abolition of temporary "solidarity" taxes.

 The replacement of existing tax incentives to stimulate investment by a tax deduction at the time of investment or by a change in permissible depreciation rates

Tax incentives to stimulate stock market investment, particularly purchases of Belgian shares. There has been a mini-boom on the exchange since the government measures became known, with some shares posting gains of 30 percent to 50 percent. The government is introducing a scheme similar to the Monory funds in France and that in Sweden, and investors will receive tax rebates that in effect halve the purchase price of

 Changes in the wage indexa-tion system, although these have yet to be detailed. The government is hoping that workers will accept a drop in wages in return for job security. Middle-level cadres will probably be asked to make a greater sacrifice.

• Lower value-added tax rates for the building industry (17 percent to 6 percent)

 A halving of the public sector deficit over four years to eliminate the need for foreign borrowing. The government turned to foreign borrowing as recently as 1978, but it tapped the market to such an extent that some U.S. and Swiss bankers have been wondering whether Belgium can maintain spreads of three-eights to one-half percent over Libor (the London inter-bank offered rate) when it comes to future loans. It is likely

• A 1982 budget with a current deficit of at most BF200 billion, a figure that will have to be achieved through spending cutbacks of

 A tax reform scheduled for 1983 that will introduce a lesser degree of progression for house-holds with large families. A reducExchange Market

widening spread at times of in-tense speculative pressure is readily explainable. If part of the pres-sure falls on the "official" market trade payments, it is countered there, insofar as is necessary, by hand, the pressure from speculait is not ruled out). Hence, a rapid-

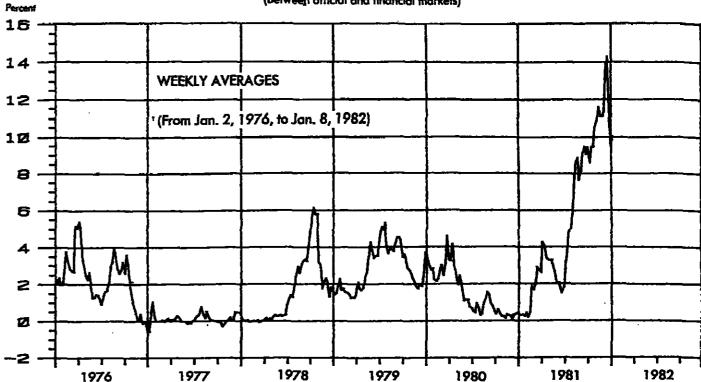
It would seem there were very substantial private-sector capital outflows in the second half of 1981, especially in the last quarter.

Two-Tier

(Continued from Page 7S) the "financial" market as a result of capital outflows linked to the weaker state of the economy and periodic fears of devaluation vis-avis other European currencies Such outflows have been quite substantial, given the openness of the Belgian economy and the absence of formal exchange controls on capital movements. The finan-cial franc is a de facto exchange control; as rates drop, it theoreti cally is supposed to inhibit the out-flow of funds. tion of marginal tax rates will also The phenomenon of the rapidly

in the form of leads and lags in the exchange market intervention of the National Bank. On the other tive capital movements is fully exerted on the "financial" market, where National Bank intervention is excluded in principle (although widening dollar premium (or Belgian franc discount) on the "financial" market is a sort of warning light indicating adverse speculative pressure.

Brussels Exchange Spread (Between official and financial markets)



figures for the third quarter show an adverse trend.

After last summer, there was a deepening pessimism in Belgium, which was linked to the critical problem of Belgium's major budg-et deficit and the poor perform-ance of the economy as well as to the general economic and political situation in Europe. This climate was conducive to a diversification abroad of investment portfolios by

even if of only of marginal importance, was the attraction for many investors of the very high coupons on Euro-Canadian dollar bond issues in the last four months of

What eventually reversed the ever-greater spread between the two exchange markets at the end of last year (and dampened the speculation against the Belgian franc) was, first, the sharp tighten-

tional Bank in mid-December and, second, the formation shortly afterward of the new right-of-center

government The spread is thus partly a func-tion of the degree of confidence in the Belgian franc. If the new government fulfills the expectations it has encouraged and makes major headway in redressing the chronic budget deficit and reinvigorating the economy, then it is likely that

change markets will eventually be

reduced to more normal levels. Otherwise, the two-tier exchange market will continue as in recent years to provide both a limited safety valve for adverse speculative capital pressures and a warning light showing that something may seriously be wrong.

Michael Sutton is an economis and a writer on Belgian financial of

Banking Community Awaits Changes in Disclosure Laws

By Ludo Swolfs

WO MAJOR areas are of particular importance in bank auditing and reporting in Belgium today: the proposed EEC banking directive and the problem of auditing standards. The new EEC directive will require some important changes in the laws governing pub-tic disclosure of banking informa-

The Fourth directive of the EEC on company law deals with the harmonization of annual accounts of private and public companies, from the start it was clear that banks and other financial institutions merited separate legislation.

Until now, it has been mainly the Belgian Banking Commission that laid down the legal framework pendent economic journalist, is a frequent contributor to IHT special for bank reporting and annual ac-

counts in the country. This commission is also responsible for monitoring all banking and financial activities in Belgium, with a view to protecting the interests of the public.

In Belgium, the commission appoints special auditors (Reviseurs Agrees par la Commission Bancaire/Revisoren Erkend door de Bankcommissie) who are selected from a restricted list of members of the Belgian Institute of Auditors. These auditors report to the commission. At present, there are only 44 such special auditors for the whole country.

Where a bank is incorporated with limited liability, Belgian com-pany law also requires another auditor appointed by the shareholders and who reports to them. Again, the audit can only be given to a member of the Institute, but not necessarily one on the restrict-

Auditing standards have been laid down by the Belgian Institute of Auditors for some years now, and in general they are comparable with and as strict as the standards in effect in the United States. Professionals of countries with a long-standing auditing tradition would be surprised, however, at the way in which such standards are often

The auditor is faced with the problem that with restricted fees and pressure from the banking commission to report non-audit matters as well (which is time-consuming), he cannot afford to live up to his auditing standards. This ambiguous situation is well understood, both by the auditors and the banks — but it seems that tradition remains stronger than common sense. All the same, the auditors have not been completely insult is that the auditors tend to rely to a large extent on the work of internal auditors and on conclusions on internal control that, from an international point of view, are insufficiently supported.

But the Belgian auditing profession, fortunately, cannot escape from the international evolution. A marked improvement in audit awareness has already been achieved over the last few years and a proposed law will make sweeping changes to the legal framework within which the Belgian public accountants will operate in the future.

A question remains about whether the banking and business world in general will be willing to pay for the improvement in auditing standards. The alternative, however, appears to be even more expensive: the risk of being left behind in international mainstream

The bank directive will have a significant impact on the way banks report their annual activities to the public. Currently, banks apply a variety of accounting principles in areas such as foreign ex-change, loan-loss provisions and valuation of securities, and the auditor has little support from his professional body in evaluating the validity of the various accounting principles that are used. He is, therefore, forced to rely almost entirely on his own judgment and guidelines made available by the banking commission which relate only to the valuation of securities. In certain cases, the auditor can refer to internationally accepted accounting principles.

Insofar as public disclosures for banks are concerned, the accounting principles applied do not have to be presented in the annual re-

nocent about the situation. The re- banks do not disclose such information. All this will change, however, once the proposed banking

> The challenge faced by Belgian bank auditors does not end with EEC legislation. The Belgian bank-ing system has introduced a number of methods of serving its highly international clientele. Computer techniques such as SWIFT (international, automated money transfer system), automatic cash dispensers, and direct charges to accounts without intervening paperwork have appeared on the lgian scene.

directive becomes law.

But systems such as these are just a few of the innovations that necessitate specialized auditing techniques. To deal with this, auditing firms now employ highly trained computer auditors to de-

computerized systems. Belgium's banking community is in for a period of readjustment and reassessment. Belgian banks have in the past been international in outlook, placing a large proportion of their funds outside the country. Therefore, compliance with the forthcoming EEC legislation should not present a problem.

What role will the auditor play in the evolving situation? He will have to evaluate the accounting principles adopted by the bank and try to influence the principles that are chosen. The more public the rules and regulations in this area, the easier the auditor's task will become.

Ludo Swolfs is the manager of Ernst & Whinney, Brussels.

on the Belgian

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port, and it is a fact that most Colossus With Clout

dustry.

THE ADVENT of the new government was greeted by andible sighs of relief in the seventh-floor directors' suites of the Societe Generale de Banque, the Belgian financial colossus.

The bank, which has about 35 percent of the market — Belgium's 84 banks are divided roughly equally between Belgian banks, subsidiaries of foreign banks and branches of foreign banks -- created a wave in government and banking circles by describing the government's economic manage-ment last year as futile. This was not a single shot at the politicians; in various studies the bank de-scribed the state's overspending as an intolerable burden and labeled foreign borrowing as a dead-end

situation.
The bank carries clout because of its size, its traditional role since the last century as the financial backbone of the country, its link to the Societe Generale de Belgique bolding company, which coutrols large sectors of Belgian industry, and because it regularly bails out the sick man of Belgian industry: the Cockerill-Sambre steel company in the southern, French-speak-ing part of the country.

'Duty to Explain'

The difference as 1981 drew to a close was that Societe Generale was not only openly criticizing the government but was leading something of a bankers' revolt by stating that more funds for Cockerill-Sambre would depend on state guarantees and other strict conditions. Roger Alloo, one of the directors of the bank, stated: "We are asking for guarantees on old and new credits to the steel industry -not all of them, but a lot of

The big Belgian banks do 50 percent of their business abroad, but Mr. Alloo added that his bank was still very much prepared to aid Belgian industry despite the Cock-

erill saga and last year's 4,000 ban-kruptcies. Speaking of last year's outburst by the banks, he said: "We did not want to criticize for the sake of criticizing, yet we felt the banks had a duty to explain the figures. We are awaiting confirmation of the government's intentions, but there is now hope in in-

The banks' major complaint has been that an avaricious govern-ment was mopping up far too many funds. Firms and individuals have suffered because public-sector demands have driven up interest rates to 14.5 percent and higher. Societe Generale expects 1981 profits to match the 1.9 billion Belgian francs of 1980, and the bank is extending its network of foreign branches by including Tokyo, Sin-gapore, Cologue, Madrid and else-where. As an institution that is now 160 years old and once served as a central bank, "ruled" the Con-go and established trading links all over the world, the Societe Generale has a highly important role in the bid for Belgian recovery.

The bank says that the state must change its spending habits so that Belgium can return to its postwar period of prosperity. It wants a cut in the \$10-billion drain on the domestic market by the state, and a restoration of saving levels. It stands against devaluation, but will continue to serve those Belgian clients "with a reasonable re-

At the holding company, a major reorganization in under way to strengthen the Societe Generale's position in the nonferrous metals sector, and its international financial presence in general. Complicated share deals have drawn criticism, but it appears that Societe Generale de Belgique will emerge as a reinforced industrial holding company as opposed to a financia

-ALAN TILLIER

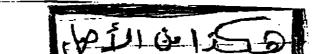
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INTERNATIONAL HERALD TRIBUNE, JANUARY, 1982

An Official View

Nation's Commitment to EMS Stays Strong

Jacques Van Ypersele is chief aide to the Belgian premier.

By Jacques Van Ypersele THE RELATIVELY small size of the Belgian economy and the small weight — less than 10 percent — of the Belgian franc in the European Currency Unit (ECU) basket mean that it would be presumptuous to claim that Bei-

gium is one of the pillars of the

European Monetary System (EMS).
Politically, the claim would seem more valid. One cannot help noticing the consistency and continuity with which successive Belgian governments since 1978 have given their strong support — and the active way they have sought to

improve it. In March, 1981, two years after the EMS had started and at a time of increasing concern in Europe over the fluctuations of the dollar, Premier Wilfried Martens emphasized to his European colleagues meeting in Maastricht the need to improve the coordination of inter-vention policies vis-a-vis the dollar.

European Council

11:04

wer die e

He proposed that the existing system of bilateral swap agree-ments between the U.S. Federal Reserve and the European central banks be replaced by a multilateral Fed-FECOM swap credit line, which could be used to stabilize the exchange markets within the EMS instead of creating tensions, as is often the case with uncoordi-

nated bilateral interventions: This proposal was revived by then-Premier Mark Eyskens at the latest European Council in London in November, along with other suggestions to strengthen the

signals of the Belgians' intention to use their presidency of the EEC Council of Ministers during the first half of 1982 to promote improvements in the operation of the

The reasons for this strong Belan commitment in favor of the EMS are twofold. The first one can be found in the real economic advantages that a small, open economy like Belgium, in which exports represent 50 percent of the gross national product and in which 70 percent of foreign trade is oriented toward EEC partners, finds in the relative stability of exchange relationships brought about by the EMS for its members.

Certainly, this stability was altered by a few parity realignments within the EMS, made necessary by the lack of convergence in economic results among member countries; but this did not prevent it from being a noticeable achieve ment, with tangible benefits for trade and investment, in the ocean of instability that the international monetary system has been for sev-

This is particularly important in a period where protectionist tendencies resurface too often, and where investment efforts to achieve structural adjustments in Western industrial economies are much needed.

The other reason for Belgium's attachment to the EMS is the nation's general political commitment to the cause of Europe and to the ideals of European integration. Almost 25 years ago, two Belgians, Paul-Henri Spaak and Baron Snoy et d'Oppuers, played a leading role

entrepreneurial approach should

be followed everywhere, from pub-

lic decision-makers at the highest

level down to every citizen who

should become a kind of en-

Belgians Urged to Employ Sharper Management Skills and national emergency. A more

more conscious of the unavoidable nature of the adjustments that await us. There is a growing feeling that more effort should be concentrated not on resisting change, but on adapting to it and even bringing it about. Jorge Luis Borges may be right when he observes that "conservatives are irremediably lost due to their wrong choice of things to be conserved."

Statesmanship and management skill will be most welcome in Belgium in this period of rapid change

Those ideals were never seriously questioned by Belgian public opinion, and decisions aimed at strengthening European unity are bound to be looked upon favorably by Belgian opinion and political leadership alike.

Belgium intends to promote the EMS actively. When the EMS was created, future improvements were programmed into its evolution in the form of an institutional phase involving the establishment of the European Monetary Fund, which the system was to enter two years after its launching. But this second stage has been postponed.

A more pragmatic attitude is called for, eschewing any philosophical discussion of whether a particular reform belongs or not to the institutional phase, and asking what can be done now, in the line of what has already been decided, improve the functioning of the

Bringing the pound sterling into the EMS exchange mechanism and thus making Britain a full-fledged member would be a major improvement in Belgian eyes. I be-lieve the time has come. If, as now expected, the British balance of payments deteriorates this year, toher with that of the United States, while it improves in West Germany, the entry of sterling into the EMS exchange mechanism would help fight inflation in Britthe ain by protecting the pound against downward overshooting

Stable Framework

It would also give British authorities a more stable framework in which to conduct macroeconomic policies than the singleminded pursuit of fixed - but elusive - monetary targets has given

A start should be made on giving substance to the future European Moneraty Fund by setting up a permanent fund board — with each central bank appointing one member — that would be endowed with the following responsibilities: The management of the EMS external reserves and the control of

This would imply that transfers of dollars against ECUs by central banks to FECOM, which now take trepreneur for his own household. at his job and within his communithe form of three-month renewable swaps, become permanent. This would give the ECU a more per-This approach will make it possible to manage positively the crisis and to adjust to it, rather than manent existence, and would therefore remove a big obstacle to passively let the whole economy be its more extensive use. It would aloverwhelmed by its damaging conlow possible reforms in the mecha-

the creation of ECUs.

EMS and extend the role of the in launching the European Econism of ECU creation, which is nomic Community. now the automatic result of changes in the market values ofgold and dollars.

 The management of the very short-term and short-term credit mechanisms.

 The coordination of interventions in third currencies, and particularly in dollars. Our first task should be to try once again to persuade the U.S. authorities that their policy of benign neglect toward exchange rates is not conducive to good results and is detrimental to Western economies.

Authorities on both sides of the Atlantic should give a clear signal that they care about the volatility of the dollar and that they want to reduce it. One way they could give such a signal while reinforcing policy coordination within the EMS would be to set up an EMS-Federal Reserve swap credit line to re-place the existing bilateral swap agreements. This EMF-Fed swap ould be used in such a way as to stabilize the exchange market with in the EMS instead of creating tensions, to the extent that the currency used by the Fed for reimbursing the EMF would not need to be the same as the one borrowed for in-

The development of the permanent board's responsibilities in of the above three areas would call for a parallel extention of the role of the ECU both in its official and in its private use.

Having recommended changes in the EMS, I want to stress that in my mind those initiatives should be accompanied in 1982 by a renewed and determined effort toward a greater convergence of our economies. Recently, the EEC Commission, basing itself on the necessary convergence implied by the EMS, has issued recommendations to Belgium and Italy. These two countries should make a major effort to take the necessary domestic adjustment measures.

This is part of the rules of the me of the EMS. Belgium, which is a strong advocate of strengthen-ing the EMS and moving to a furphase of its development, should also draw all the domestic policy implications of such a move. The economic program of the new Martens government, which aims to deal with the structural imbalances in public finance, balance of payments and employment, shows the clear will to do so. It is to be hoped that in this first half of 1982, under the Belgian presidency, the Community make progress in this area.

Ranking of Major Belgian Banks

(Figures from balance sheets for 1980. Note that listings for the Nos. 1, 2 and 5 banks give non-consolidated 1981 figures. Other 1981 figures will be available in the spring). Millions BF

 Societe Generale de Banque (1981, non-consol- 	
idated)	1.157.000
2. Banque Bruxelles Lambert (1981, non-consol-	
idated)	832.000
3. Credit Communal de Belgique*	698.000
4. Caisse Generale d'Epargne et de Retraite	679.709
5. Kredietbank (1981, non-consolidated)	538.000
6. Societe Nationale de Credit a l'Industrie	341.239
7. Credit Lyonnais	316.986
8. Centrale des Caisses Rurales (CERA)	148.143
9. The Sumitomo Bank	132,903
Cooperative Ouvriere Belge (COB)	132.465
Banque Europeenne de Credit	107.469
2. Banque de Paris et des Pays-Bas Belgique	103.294
3. Morgan Guaranty Trust Co. of N.Y.	97.850

18. Caisse Nationale de Credit Professionnel 19. Citibank N.A. 20. Barclays Bank International 21. Caisse d'Epargne Ippa 22. Continental Bank 23. Algemene Bank Nederland

14. Caisse Hypothecaire Anversoise (AN-HYP)

15. International Westminster Bank

16. Banque Nationale de Paris

17. The Mitsui Bank

24. Banque Europeenne Arabe 25. Societe d'Hypoth. et d'Epargne d'Anvers Savings bank.

Banker: 'The World Needs To See That There Is a Will

(Continued from Page 7S)

times in the last decade and has expanded its international activities, but has sought to abide by its motto: "The independent bank for independent customers."

Kredietbank has suffered from the run of bankruptcies of Belgian firms and was badly hit recently when a Belgian building consorti-um was expelled from Saudi Arabia because of long delays on a major military housing project. Nevertheless, Mr. Wanters maintains that profits will hold up. "We calculated for a difficult year, but the banking sector won't be so badly affected as others." He applauded as "a magnificent

act" the Banque Nationale de Belgique's two-point raise in the dis-count rate in December, which stemmed - at least temporarily the speculation against the franc. "It was a must, but I do not ap-pland the decision later to lower the rate for the volatile way money crosses borders could lead to fur-

94.432

93.856

87.802

84.335

73.990

71.804

66,795

54,803

46.639

44.356

38.734

37,432

Kredietbank's president is against a devaluation of the Belgian franc, as he believes that one devaluation would lead to another and stoke inflation. Yet he thinks that there could well be a small devaluation this year. He supports the new govern-

ment's upcoming austerity program, saying that wages have risen too high, that the system of wage indexation should be modified once a year and not every month or so" - and that public expenditure and social security "excesses" should be cut. The main problem is wages, he believes: "We must hold them down."

— ALAN TILLEER

Confidence Counts

(Continued from Page 7S)

debt) is an absolute necessity. The rise of public spending should be lower than that of consumer prices. The government also wants to introduce the principle of costing in the public sector. Other government measures involve a halt to recruiting and greater mobility for personnel. Reduction of the subsidies to public enterprises will be linked to rationalization. Social allowances will be more selective.

O.: Tax concessions for people investing in the stock market have had a stimulating effect. How do you see the Bourse and industry financing in 1982?

A.: Previous tax concessions for firms set up between March, 1977, and Dec. 31, 1983, will be extended so as to encourage the public to buy shares or take part in the rais-ing of new capital. Measures under study include a one-year exoneration of taxes on income, exoneration of inheritance taxes and donations and in another formula, the waiving of taxes on annual investments of BF50,000, a sum which can be increased for family mem-

Rise on Bourse

Tax incentives announced in mid-December caused a rise on the Brussels Bourse, although they had not been outlined in detail. The new government has shown that it wants to pay more attention to firms' financing and to encourag-ing risk capital. It is resolutely opposed to debt-financing, which has been an unbearable financial strain on many firms in recent

Interest rates will fall when the public debt and the balance-ofpayments deficits are reduced, thus helping industry financing. We are preparing a program aimed at improving profitability and cash flow and therefore firms' investments and competitivity. What is of major importance is the control of cost prices plus the replacement of existing and insufficient tax incentives by a new integrated system in which priority is given to reducing the tax bill of firms. Belgium can then again become a country able to attract foreign investment and encourage its own

Q.:Just how actively will Belgium seek new foreign investment? Can you still attract foreign firms as you did a decade or so ago?

A.:In the "golden '60s," Belgium

was one of the most attractive countries for foreign investors. We still have this chance and the possibility of making use of it. The government will soon introduce a series of concrete measures designed

deal with your problems. The next move is yours.

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make Belgium again an attractive country for the foreign investor. Certain "solidarity taxes" on large firms will be abolished. Basic company tax will be reduced from 48 percent. to 45 percent. Investors will have a choice between immediate tax relief at the time of investment or amortization based on

a higher value than acquisition. Production costs will be reduced by a reform of wage indexation and measures limiting the rise of the salary bill on the one hand and respecting social agreements on the other. A fall in the price of electricity will result from the

At the moment, our economy is without doubt 'blocked' ... but its strengths are

intact.

forthcoming opening of nuclear power plants. A cut in the budget deficit will tend to exercise downward pressure on internal interest

These steps will enhance Belgium's traditional advantages - a highly qualified and productive work force, the country's position in Europe, its developed communications networks and its openness

toward the world.
Q.:Can Belgium produce a second postwar recovery?

A.: My answer is assuredly positive. At the moment, our economy is without doubt "blocked" by imbalance, excesses and a laissezaller, but its strengths are intact.

Belgium still has many resources — the quality of its workers, an edand technically formed population, research laboratories that can match the best in certain sectors, a system of railways. routes, air and shipping lines that is the envy of others, firms that perform and that in some cases are in the forefront of technical prog-

We have the means to live better than at any time. We are living now above our means because we have been led toward an impasse that stifles our means of expression. In a sense, we are living below our possibilities because we are not using every available source for extra income.

Positive forces should once again give the lead. In the past, the country has proved what it is capable of. This government will prove to the country and the world that we can succeed with a new recov-





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markets. People who know the local rules and

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..

regulations. People who are on the spot to give you

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work for you. This gives you the insiders edge...

NYSE Nationwide Trading Closing Prices Jan. 26 Tables include the nationwide prices up to the closing on Wall Street.

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(Italian National Electric Energy Agency)

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Due March 1, 1985

NOTICE IS HEREBY GIVEN, on behalf of Ente Nazionale per l'Energia Elettrica-ENEL, that on March 1, 1982, \$3,000,000 principal amount of its 7½ Per Cent. 15-Year Guaranteed Bonds of 1970 will be redeemed out of moneys to be paid by it to Dillon, Read & Co. Inc., as Principal Paying Agent, pursuant to the mandatory, annual redemption requirement of said Bonds and to the related Authenticating Agency Agreement and Paying Agency Agreement, each dated as of March I, 1970. The Chase Manhattan Bank (National Association), as Authenticating Agent, has selected, by lot, for such redemption the Bonds bearing the following serial numbers:

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Bonds so selected for redemption will become and be due and payable in United States dollars on March 1, 1982, at the office of Dillon, Read & Co. Inc., 48 Wall Street, New York, New York 10005, at one hundred per cent (100%) of the principal amount thereof with interest accrued thereon to the redemption date. Bonds should be presented for redemption together with all appurtenant coupons maturing subsequent to the redemption date. If moneys for the redemption of all the Bonds to be redeemed are available at the office of Dillon. Read & Co. Inc. on the redemption date, interest thereon will cease to accrue from and after such date.

At the option of the respective holders of hearer Bonds selected for redemption, the principal amount thereof and interest thereon may be collected upon presentation at the offices of the following Co-Paying Agents: in Luxembourg-Ville, Grand Duché of Luxembourg at the principal office of Banque de Paris et des Pays-Bas pour le Grand Duché de Luxembourg S.A., or in Milan, Italy at the principal branch of Banca Commerciale Italiana S.p.A., or in London, United Kingdom at the principal office of S. G. Warburg & Co. Limited, or in Frankfurt, a/M, Federal Republic of Germany at the principal office of Deutsche Bank A.G. Additionally, insurance companies doing husiness in the Republic of Italy may present for redemption Bonds registered as to principal, which they own, at the principal of the Co-Paying Agent in Milan, Italy.

Dated: January 27, 1982

DILLON, READ & CO. INC.

VF Cp Valera Valeyin VanDra Verco r Varian Varo Amsterdam Other Stock Markets London Agefi (ndex ; 1418) Previous ; 14113 Sydney 1.58 2.95 4.10 2.79 1.56 2.93 2.30 2.28 2.42 4.27 4.27 1.38 Markets Closed Frankfurt All banks, stock and commodity exchanges in Hong Kong, Malay-sia and Singapore were closed Tuesday in observance of the Chi-

New Issue January 27, 1982

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BUSINESS NEWS BRIEFS Lenders to Ailing U.S. Airlines Fear a Major Bankruptcy

Moody's Cuts Citicorp Debt Rating

NEW YORK - Moody's Investors Service said Tuesday it had lowered Citicorp's senior long-term debt rating to double-A from triple-A.

The change reflects Moody's view that the company's basic profitability will not permit retention of sufficient earnings to reduce significantly the present high leverage, it said. Moody's said that in recent years, Citicorp's declining profitability and aggressive asset expansion have resulted in steadily increased leverage. Standard & Poor's took a similar action on Citicorp's senior debt in September, lowering its rating to

double-A-plus from triple-A. Moody's said Citicorp has invested heavily in retail banking activities, some of which have produced losses. The long-range profusability and asset quality of the consumer business remains to be demonstrated, the rating agency said. In particular, the relationship between equity and loans, which historically has been the greatest source of credit risk, has deteriorated, it said

BNOC to Present Plan for North Sea Clyde Field

LONDON —State-owned British National Oil Corp. will present a £1 billion development plan for the North Sea Clyde Field, to partners Royal Dutch-Shell Group and Exton unit Esso Petroleum Ltd. within a few days, oil industry sources said Tuesday.

BNOC, which has a 51 percent share in Clyde, hopes to submit a formal development application to the Department of Energy within six months with the aim of achieving peak production in the field by early 1988, the sources said.

They said the production platform would be ordered in 1984, floated two years later and would come on stream in late 1987. The sources said the maximum average rate of production from Clyde, discovered in 1978, would be about 50,000 barrels a day. The field has reserves of around 140 million barrels, they said.

Davy Plans £25.5 Million Rights Issue

LONDON - Davy Corp. said Tuesday it plans to raise about £25.5 million through an underwritten 1-for-4 rights issue at 140 pence a share.

Davy said it decided to raise additional capital to cut its long-term debt, improve its debt-to-equity ratio and to provide financial flexibility for future business development.

The new shares will not receive the interim 2.2 pence dividend for the half year ended last Sept. 30. The board expects to declare a final dividend for fiscal 1982 ending March 31 of 5.17 pence, making 7.37 pence, a 10 percent rise on the previous year.

Lloyds Bank to Buy Marsh & McLennan Unit

LONDON — Lloyds Bank's Lloyds & Scottish Ltd. has agreed to buy Bowmaker Ltd., a finance company, from C.T. Bowring, a subsidiary of Marsh & McLennan, for £80 million, a joint statement said Tuesday.

The statement said Bowmaker on Monday paid Bowring a dividend of

£13.5 million, while Lloyds & Scottish will pay £66.5 million on completion, making £80 million as total the amount that Bowring will receive. Bowmaker's consolidated 1981 pre-tax profit is estimated at £7.5 million. Bowmaker (Plant) Ltd., a distributor of tracked vehicle equipment, is not included in the sale. The eventual sale of Bowmaker has been expected since Marsh & McLennan, the U.S. insurance company, acquired Bowring over a year ago.

Japan Moves to Lower **Nontariff Trade Curbs**

markets unless the Japanese allow

greater access to their markets for

At the same time, Japan's for-

eign minister, Yoshio Sakurauchi, told reporters "Japan is resolved to

have in place institutional arrange-

ments which we need not be

ashamed of when measured

against the principles of free trade, which is the driving force

behind the development of our

Mr. Sakurauchi said if the mea-

sures adopted on Saturday are

seen to fall short of Western de-

raised by foreign entrepeneurs.

Mr. Barraclough explained that

be dealt with in the near future.

Thus, an imported drug may wait as much as two years in Japanese

testing laboratories before it can

be marketed, giving domestic com-

panies time to develop a compet-

Asked about Japan's plans for its second year of restraints on

passenger car exports to the Unit-ed States, Mr. Abe pointed out

(Continued on Page 13, Col. 3)

U.S. goods.

TOKYO — Calling the protec-tionist mood in the U.S Congress "dangerous," Shintaro Abe, minister of international trade and industry, Tuesday declared that Japan next Sanurday would announce actions to lift some 67 or 68" nontariff trade barriers among 99, which have been cited by the United States and Europe.

Japan must take "great action" in the next two to three months to remove import barriers to forestall U.S. protectionism, Mr. Abe said. But he indicated that no action is yet being planned to remove any of Japan's remaining import quo-tas, 22 of which limit imports of agricultural goods, such as beef and citrus fruits.

The much-criticized nontariff barriers are viewed by the United States and the EEC as evidence that Japan is a closed market resistant to imports, yet exporting aggressively at the expense of other nations. Although Japan has reduced its tariffs, it maintains a number of less visible impediments to imports, such as uncommonly severe health and safety standards and testing requirements for some

Back from a seven-day trip to the United States, Mr. Abe said he found the sentiment in Congress

With 10 million unemployed and an "unprecedented recession" in the U.S. auto industry, "a feel-ing of helplessness" prevails in the United States, he told a meeting of the Japan national press club.

"The next two to three months is the time for decision. If great action is not taken by then [by Japanl. I fear that the free trade sys-tem which has been built up until now may be uptureed by the

Mr. Abe said Japan would dispatch special envoys to both the United States and Europe to explain the measures it will announce Saturday as well as measures it announced last month. The December measures, including a two-year speed-up in planned tar-

In Washington, Commerce Sec-retary Malcolm Baldrige said he will support legislation that would restrict Japanese access to U.S.

Los Angeles Times Service
NEW YORK — Concern is mounting among lenders and suppliers to U.S. airlines that the rapidly deteriorating finan-cial condition of half a dozen major carriers threatens to force one or more into bankruptcy, causing sizable write-offs at banks and insurance companies and a painful contraction of orders for aircraft.

By Linda Grant

"Do you realize," laments one New York banker, "that five major U.S. airlines right now are flirting with bankruptcy?" Adds another, "Instead of worrying about our Polish debt, you ought to be asking about our airline debt."

According to analysts, the domestic car-riers fighting for survival are Braniff International, Continental Airlines, Pan American World Airways, Republic Airlines and Western Airlines.

The scope of Continental's problems was underscored Monday when the airline said it would lay off 1,500 employees and eck concessions from unions in an effort to cut costs by \$60 million. Other cutbacks include a management realignment that will eliminate 12 vice president positions, a reduction in routes and flights and the possible sale of some of its 73 aircraft. The chairman of a sixth carrier, Frank Borman of Eastern Air Lines, has told em-

ployees that the company, which lost \$65.9 million last year and has a heavy debt burden, must earn a profit in 1982 or face sharp cutbacks.

The airlines' creditors have thus far continued to support the carriers, in some cases by deferring payments on loans or extending new credits. Braniff, with \$161 million in principal and interest due Feb. 1, on Friday won extension of its debtrepayment schedule.

On the international front, Laker Airways, the British reduced-rate carrier, is also struggling. The airline's creditors recently agreed on a package to help Laker meet payments on its \$359-million debt. And in a gesture of support, McDonnell Douglas and General Electric Co., suppliers of Laker's DC-10 sircraft, and engines for both DC-10s and Airbus A-300s. said they had agreed to participate in the

financial restructuring
Though the Financial Times reported
that McDonnell Douglas and GE would invest \$9.4 million in Laker, a stake that could eventually turn into an shareholding of 10 to 20 percent, GE denies that it will equity in Laker. A McDonnell Douglas spokesman said the company will not comment on specifics of its agreement.

Last year, the world's major airlines

racked up a staggering \$2.1 billion in losses, U.S.-based airlines — buffeted by recession, rising costs, reduced traffic from the air controllers strike, increased competition from deregulation and in some cases nearly suicidal fare wars - have chalked up record losses that could total \$300 million for 1981.

George James, chief economist for the Air Transport Association in Washington, D.C., says: "When final 1981 results are compiled, the industry could show its worst year ever. Moreover, prospects for 1982 are not encouraging, making the 1979-to-1982, four-year financial performance the worst in the history of scheduled airline service."

Interest Forgiven

This outlook is causing plenty of discomfort for lenders to airlines. According to the Air Transport Association, the 16 largest U.S. carriers in 1981 had \$10.1 billion in long-term debt, including leases. Creditors are most concerned about possible write-offs, because they come directly out of profit. But the lenders are also unhappy about the alternative - categorizing a sizable number of loans as "nonperforming assets," loans that collect no in-

Salomon Brothers, in a recent report.

most seriously troubled U.S. airlines, Dallas-based Braniff, with more than \$650 million in debt and substantial operating losses, no longer has any equity — its lia-bilities are greater than its assets. The only reason its planes continue to fly is that lenders have extended extraordinary sup-

The creditors, which include 22 banks, 15 insurance companies and two suppliers, Boeing and United Technologies Corp., deferred payments of \$83 million in principal and \$38 million in interest due last July, and have forgiven all interest pay-ments through Feb. 1. The big question is whether they will agree to similar terms for another eight months. If any one of the lenders refuses to go along, Braniff could be forced into bankruptcy.

Republic Airlines has been hemorrhaging ever since the air controllers strike began last August. The Minneapolis-based airline grew rapidly in the past three years from three back-to-back mergers among North Central Airlines, Southern Airways and Hughes Airwest.

The mergers, plus big aircraft purchases, saddled the carrier with debt and operating problems that now threaten its existence. Compounding its problems is the

percentage point above the prime rate. So far Republic's lead lender, Citibank, and other major creditors including Conti-nental Illinois Bank, First National Bank of Chicago, Bank of America, Crocker National Bank and Security Pacific National Bank are working with Republic in an effort to cuf costs, defer aircraft purchases and sell some planes. But the market for used aircraft is already glutted, with more than 100 wide-body jets for sale.

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Also on the critical list is Pan Am. which ran out of cash last August only to be pulled from the brink by a hastily arranged loan. Pan Am was almost forced into bankruptcy, however, when Chase Manhattan Bank refused to go along with a new \$475-million line of credit to replace an older credit line. Chase's move caused some smaller banks in the 21-bank consortium led by Citibank to pull out, but the airline was saved by an emergency loan of \$200 million

Because the emergency loan had to be repaid by Dec. 1, Pan Am had no choice but to sell its Intercontinental Hotels subsidiary for \$500 million to Grand Metropolitan Ltd. of Britain. Cash from that sale is keeping Pan Am alive, but its heavy operating losses are shrinking its cash reserves day by day.

London Officials Start Inquiry on Tin Dealings

LONDON — Fears of a squeeze in the tin market after extensive purchases by undisclosed buyers have forced the London Metal Exchange to start an investigation into trading by member firms.

"We are scrutinizing the tin records of dealing members because the abnormal situation, which has resulted from the activities of unknown buyers," says Philip Smith, chairman of the London Metal Exchange.

Extensive buying from what is thought to be either a Malaysian or other Asian un producer increased prices by 26 percent in the past six months to well over \$7 a pound, dealers say. The jump occurred despite declining demand from recession-struck tin users.

The buyers, acting through Mac-Laine Watson & Co., a London metal exchange firm, and a divi-sion of Drexel Burnham Lambert Inc., initially began buying tin fu-tures in mid-1981 on the London exchange to support the price. However, producers, holders of tin stocks, merchants and speculators, sold London Metal Exchange tin futures, hoping to hedge their posi-

With the futures price weakening, the buyers changed tactics. In November, they began buying all physical tin available on the London exchange for cash, dealers say. The dealers add that these purchases forced the spot, or cash, price of tin to trade at a premium which is currently running at 6 percent or an equivalent 45 cents a pound, over the three-months futures quote.

mands, there should then be a fur-This has created the unusual sit-Masumi Esaki, who heads a govuation of spot tin selling at a high-er price than futures prices. Fu-tures usually sell at premium over ernment party task force set up to deal with thorny trade issues, said Tuesday, that the "measures in themselves will not completely solve the trade problem. We must

Many tin traders sold forward in November to legitimately hedge their production and stocks against falling prices, but when de-livery dates fall due in February, they may be forced to cover in their positions at higher prices and incur a loss," says Brian Sheridan, tin dealer at Philipp & Lion, a London metal trading firm. He adds that there are insufficient tin stocks on the London Metal Exchange to match open short positions for the next two months.

The U.S. General Services Administration's sales from its tin stockpile have been buoyant of late, dealers say, because several traders have been buying GSA tin London Metal Exchange. In December, the GSA allowed sales for export as well as for domestic uses. There could be a squeeze in

February," says David Williamn, tin consultant at Hargreaves Williamson, a metals trading and consulting firm, estimating that the mystery group had bought about 25,000 metric tons of tin, costing more than \$500 million. Those purchases represent about 10 percent of all 1981 tin produc-

Mr. Williamson suspects that with these resources, "it can only be governments or government-backed corporations" that are adds that these producing nations are hoping that the International Tin Council will eventually raise support prices and instruct its buffer stock manager to buy their

Yet last week's London meeting of the International Tin Council, comprising most major tin producing and using countries, refused to accept producer demands to raise support prices.
"Consuming nations, including the United States, West Germany and Britain, were concerned about manipulation and refused to raise

prices," says a delegate who at-tended last week's tin council

Decline in **Slow Trading**

NEW YORK - New York Stock Exchange prices ended nar-rowly lower Tuesday amid con-cerns about President Reagan's State of the Union speech later in

The Dow Jones industrial average rose 3.90 points in morning trading but then lost momentum in the afternoon and finished off 1.24 points at 841.51. Declines led advances by around 750 to 680 and volume widened to some 45 million shares from 43.2 million Mon-

day.
"Investors are moving to the sidelines so they won't get caught if the market moves down tomorrow following the State of the Un-ion speech." Hildegarde Zagorski of Bache Group said.

Analysts said stocks will probably fall if investors remain uncon-vinced that the President's policies will lead to reduced federal deficits. Investors are concerned that government will have to step borrowing to finance the deficits, which in turn could push up

Administration officials said Mr. Reagan will announce that he has rejected proposals for an increase in excise taxes. However, analysts said the mar-

ket may find encouragement from Federal Reserve Chairman Paul Volcker's statement that the Fed will not raise the discount rate im-A flury of lower earnings also

thed on the market. Issues that fell because of drops in profit in-cluded Louisiana Land, off 1% to 30%, Owens-Illinois, off 1/4 to 27, Freeport-McMoran 11/4 to 1814, Robertshaw 1 to 211/2, U.S. Steel % to 24% and Standard Indiana % to In other corporate news, the

Food and Drug Administration said Bausch & Lomb, in a consent ement, will halt sale, distribution, promotion and advertising of its bifocal soft-contact lenses. The FDA said the company must apply to the agency for permission to market the lenses and must prove that they are effective.

The agency said approval of such applications normally takes

NYSE Prices Fed Has No Plan to Lift Key Rate In London, the dollar closed at investor uncertainty over the pros-

WASHINGTON — The Federal Reserve has no immediate plans to raise the discount rate it charges member banks, Chairman Paul Volcker said Tuesday in an appearance before the Joint Economics Committee of Congress.

In response to a question, Mr. Volcker said he does not ordinarily comment on the discount rate before a congressional hearing, but added that an increase "is not on my immediate agenda." Asked how long this situation would last, he said, "I'll make no comment on

Mr. Volcker's comments on the discount rate sent the dollar lower.

By William Borders

New York Times Service

Cars, the company making sports

cars in Belfast for the U.S. market,

is in serious financial difficulty,

the U.K. Cabinet minister respon-

sible for Northern Ireland said

"The situation is extremely se-nous — very serious indeed,"

James Prior, the minister, told re-

porters who questioned him at a

Asked if he was optimistic about

the company's future, he replied,

John Z. DeLorean, the former

General Motors executive who

founded the company, has called a special meeting of its board of di-rectors for Tuesday in New York to discuss the financial problems

and the British government's latest

proposals for dealing with them.

Mr. DeLorean is thought to be seeking new export finance guarantees from the government, which has already given the company more than £86 million in grants. Icans and guarantees

The government is known to be

extremely reluctant to put any more money into the company, which has created 2,600 jobs in

pressed areas of the country. Placing it in Northern Ireland was a

major risk, which is why the gov-

erument was willing to be so gen-erous with Mr. DeLorean, and for

grants, loans and guarantees.

"I have never been optimistic

appearance in Belfast.

LONDON -- DeLorean Motor

2.3128 Deutsche marks, down from 2,3405 at midsession and an opening 2.3355. Eurodollar rates shed as much as half a point after the remarks. In New York, the dollar was quoted in midsession trading at 2.3135 DM marks against an opening 2.3325 DML

In other testimony, the Fed chairman defended the central bank against charges that it was responsible for the current high level of interest rates, reiterated calls for budgetary restraint and blamed recent surges in the money-supply figures on technical factors.

Mr. Volcker argued that high in-

it to fail would be a blow to North-

em Irish hooes for a future beyond

the province's endless cycle of po-

"DeLorean has become a symbol of what could happen here if

the killing could somehow be

stopped," a Belfast man said over

ter Margaret Thatcher's Conserva-

enthusiastic about the DeLorear

deal as was the previous Labor

Party government, which negotiat-

DeLorean Motors in Trouble,

of defeat."

Says Minister for N. Ireland

pects of large federal budget deficits than the Fed's monetary re-straint program. "I don't think those interest rates would be any lower if we were pursuing infla-tionary policies," he said. Mr. Volcker said recovery from

the recession depends a lot on the

performance of the financial markets in the months ahead. He suggested the economy would improve if borrowers could raise money for longer terms at lower rates. The question was how to create this type of environment, he

The Fed chairman said it appears that the Federal Open Market Committee, which will meet next week, will adopt monetary targets similar to those that were set in 1981.

Mr. Volcker warned that action is needed by Congress and the Reagan administration to convince the markets that they are working towards balancing the budget eventually. He said he was not so concerned about the corrent fiscal year's deficit because the country is mired in recession.

WEEKLY NOTIFICATION **COMPTRENDII** COMMODITY ACCOUNT. EQUITY ON: \$100,000.00

The company's only product, the low-slung, stainless steel De-Lorean automobile, began rolling off the assembly line last spring, priced at \$25,000. By the end of last year, there were 3,000 of them on U.S. roads, and the company had begun to show an operating profit. Industry analysts have said that sales have been relatively good, considering the state of the U.S. automobile market.

But the company needs capital to develop a second, larger car, without which it is thought to have little chance of independent survival. Three weeks ago, after it was forced to pull back a planned stock sale for the second time, Mr. DeLorean began to talk about "the possibility of a combination with another healthy automaker."

the weekend as rumors about the company spread "If DeLorean can't make it, that will be a symbol JANUARY 1, 1982 tive government has never been as JANUARY 21, 1*9*82 **\$98,469.88**

> EQUITY ON: JANUARY 1,1981 \$100,000.00 **DECEMBER 31,1981** \$237,214.03 OVER \$4,000,000,00 UNDER MANAGEMENT.

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Balfour, Maclaine International LTD.

The group has also decided to establish a high-level government panel, to be named the Office of Trade Ombudsman, designed to act more quickly in handling specific problems of market access **British Panel Asks Changes** In Regulation of Markets

While the specific barriers to be lowered will not be known until later in the week, foreign officials were cautiously encouraged. "Sixty-seven is a significant number," said William G. Barra-courbe, economic and commercial LONDON — A study commis-sioned by the British government has recommended major changes in the ways financial markets are

clough, economic and commercial The study, prepared by Lau-rence Gower, a law professor, re-commends that current antifraud affairs counsellor at the U.S. Embassy in Tokyo. "And that's not the limit either." laws be replaced by a system of

self-regulatory agencies.

Mr. Gower told a news confer-Japanese government officials had informed him that of the 99 nonence Tuesday that at least four self-regulatory agencies would be needed, representing the stock extariff barriers in question, there were only eight that could not be changed. Accordingly, nontariff barriers in addition to the 67 may change, the takeover panel, investment management and nonex-change dealings, and unit trusts. Many of the nontariff barriers are well-known. Pharmaceutical Additional agencies may be needed to protect investors in commodimports is one often-cited example. markets, financial futures and Japan does not accept the health-test results of other countries.

He said the planned London old futures market, in particular, calls for measures to protect inves-tors and that writers of investment advisory letters should also fall under self-regulatory supervision.

The report was commissioned by the Trade Department following the failure of several investment companies last year.

Under the Gower proposals, the sisting council for the securities industry would coordinate the selfregulatory agencies. Government supervision under the Securities Act would be exercized by the Trade Department.

Mr. Gower said, however, that much would hinge on cooperation from key organizations, particular-ly the stock exchange and the merchant banks.

He considered recommending a U.S.-style Securities and Exchange Commission, but decided this would prove unacceptable to both government and financial markets. Mr. Gower noted his proposals

are distinct from the tighter con-trols proposed last week by the Trade Department for licensed dealers in securities under the Pre-



Elektro-Finanz AG,

holding company of International Isola Group, has been acquired by Essex Group, Inc., a subsidiary of United Technologies Corporation.

We initiated the transaction, acted as financial advisor to Elektro-Finanz AG, and assisted in the negotiations.

Morgan & Cie S.A.

A subsidiary of Morgan Guaranty Trust Company of New York

January 1982

iff reductions on some 1,600 import items, has so far been largely ignored by Congress, he said.

CURRENCY RATES

Interbank exchange rates for Jan. 26 1982, excluding bank service charges. P.F. 11.1.
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FRANKFURT — French government plans to aid its textile industry would drastically distort competition and create turnoil within the EEC, the West German textile industry association, Gesamttextil, said Monday. It asked Bonn and the EEC Commission to the EEC Commissi sion to stop France from launching a program of investment subsidies, help with textile employers' social charges and a drive to sell

The interest due July 22, 1982 against compon N° 2 will be U.S. \$383.37 and has been computed on the actual number of days elapsed (181) divided by 360.

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Yearly highs and laws reflect the previous 52 weeks plus the current week, but not the latest trading day.

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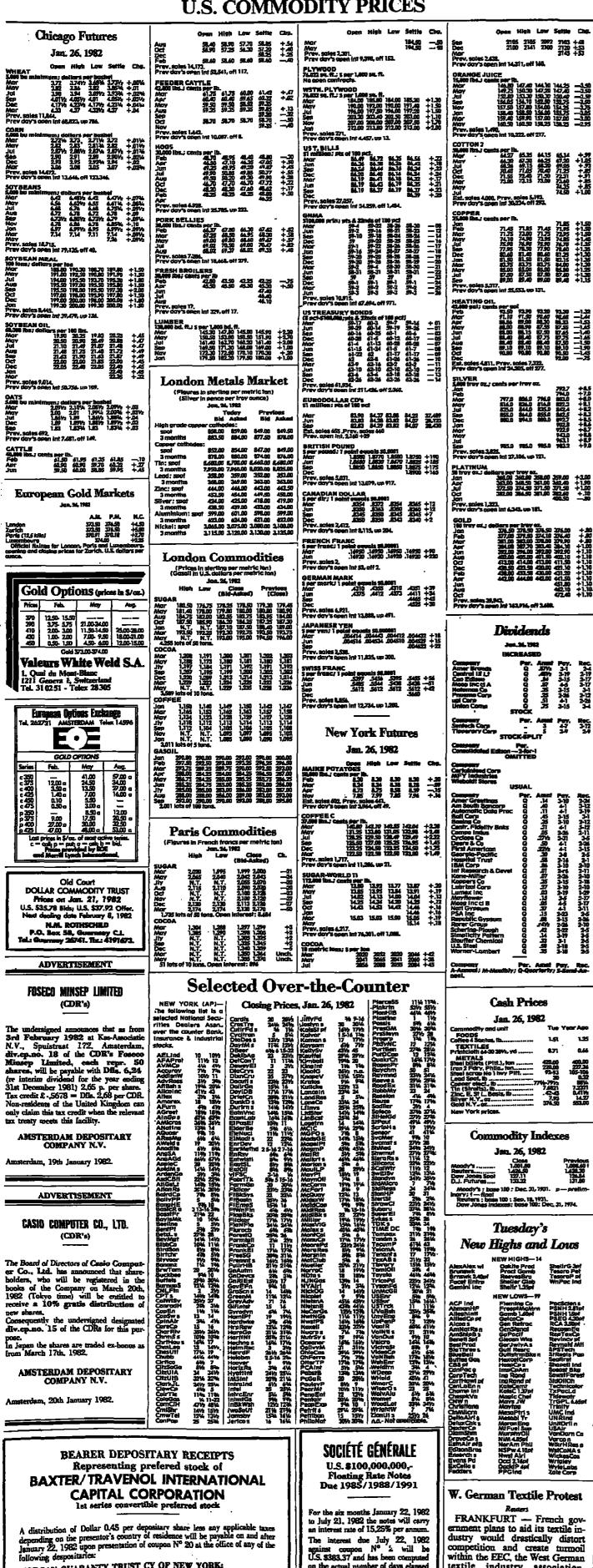
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Eurocurrency Interest Rates

Sterling 14% - 14% 14% - 14% 14% - 13% 14% - 14% 14% - 14%

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Exxon Bucks Profit Trend in Oils

From Agency Dispatches
NEW YORK — Leading U.S. oil companies with the notable exception of Exxon have announced sharply higher earnings for the fourth quarter of 1981, despite the current sluggish state of the petro-

leum products market. Exxon, the world's largest oil company, Tuesday reported its fourth-quarter profits declined 20.5 percent, primarily because of the stronger U.S. dollar abroad. Analysts said Atlantic Richfield,

Union Oil of California and Ash-

profitability by widening margins on their relining and retail sales operations and by bringing inventories back into balance with the reduced market demand.

Although refined product prices have been falling in the last six months, crude oil prices have begun to fall even faster after remaining stable in the first half of the year, enabling oil companies to restore their traditional profit margins. The companies' average cost of crude oil has fallen by about \$4 a barrel since March 1981, said

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Ashl	and Oil		Year	1951	1980	1
1st Quar.	1981	1980	Revenue	114,989.0	110,381.0	
Revenue	2.342.6	1,969.4	Profits	5.565.0	5,650.0	•
Profits	20.24	47.40	Per Share	643	6.49	2
Per Share	1.40	0.55				1
Ċ el 31616	1246	0.35	-	iio vit		-
			4th Quar.	1981	1988	ı
Atlantic	Richfleid	•		3.470.0	2,970.0	ţ
4th Quar.	1981	1980	Revenue Profits,	214.5	211.1	1
Revenue	7.100.0	7,400.0	Per Shore	2.63	2.57	Č
Profits	469.B	398.2			1980	•
Per Share	1.86	1.60	Year	7987		
Year	1981	1988	Revenue	13,250.0	10,440.0	2
Revenue	28.200.0	24.100.0	Profits	856.9	871.9 10.60	
Profits	1,679.0	1.650.0	Per Shore	10.42	10.00	(
Per Share	888	6.64				1
I DI GRAFETTI	0.00	0.04		dard Oil		C
			4th Quar.	1961	1980	Č
Pat-	yi Corp.		Revenue	7,500.0	7,700.0 402.2	7
4th Quar.			Profits	384.0	1.38	_
	1981	1986	Per Share	1,29		Ē
Revenue Profits	430,3	437.6	Year	1981	1980	t
	23.85 1.20	24.68	Revenue	31,700.0	27,800.0	c
Per Share		1,24	Profits	1,920,0	1,910.0	S
Year	1981	1920	Per Shore	6.56	6.54	ĭ
Revenue	1,760.0	1,740.0				_
Profits	90.89	89.68		of Californ		8
Per Share	4.56	4.49	4th Quar.	1981	1986	v
			Revenue	2,910.0	2,690.0	ι
_	_		Profits	236,0	177.2	_
EXX	on Corp.		Per Share	. 1.36	1.02	C

COMPANY REPORTS

	<u> </u>	11111	ICCI OI		_
Revenue	Profits to Mili	ions. In local	currencies, calent otherw	se indicated	
Britain				Clark Core), 191
Dente O.	rsanizatior	_	4th Quar. Revenue	730.1	680
			Profils	39.6	43
Year	1981	1980	Per Share	1.80	1.9
Revenue	618.4	<i>596.7</i> 109.4	Year	1781	19
Profits	102.8	luy.A	Revenue	2.890.0	2.600
Japan			Profits	204.7	181
	na Corp.		Per Share	9.12	7.
Year	1981	1980			
Revenue	813.930.0	705.540.0	Kei	pper's	
Profits	16.050.0	14.340.0	4th Quar.	1981	19
			Revenue	513,4	508
	iectronics		Profits	14.06	11
Year	1981	1700	Per Share	0.43	0.
Revenue	231,440.0	188,270.0	Year	1981	19
Profits	22,330.0	76,910.0	Revenue	2,020, 0	1,930
			Profits	5].64	53.
United State	S		Per Share	1.58	1.5
Allis-Chalmers Corp.			Merrill Lynch		
4th Quar.	1981	1920	4th Quar.	1981	191
Revenue	455.6	576.4	Revenue	1,120.0	853
Profits	46.1 Loss	13.7	Profits	54.83	51.2
Per Share	3.86	1.03	Per Share	1.37	1.2
Yeor	1987	1920	Year	1981	191
Revenue	2.040.0	2060.0	Revenue	4,040.0	3,020
Profits	28.6 Loss	47.6	Profits	202.9	201
Per Share	2.86 Loss	3.56	Per Share	5.14	5.4

	Per Share	3.86	1.03	Per Share	1.37	1.35	
	Year	1987	1990	Year	1981	1980	
	Revenue	2.040.0	2.060.0	Revenue	4,040.0	3,020.0	
	Profits	28.6 Loss	47.6	Profits	202.9	201.1	1
	Per Share	2.86 Loss	356	Per Share	5,14	5.45	,
American Brands			Minnesofa			٠	
	_ 4th Quar.	1981	1980	4th Quar.	1981	1786	
	Revenue	1,660.0	1,800.0	Revenue	1,590.0	1,510.0	1
	Profits	102.8	78.0	Profits	161.0	166.9	•
	Per Share	1.78	1.32	Per Share	1_37	1,42	
	Year	7981	1980	Year	1981	7960	-
	Revenue	6,530.0	6,800.0	Revenue	65100	0.080,a 1.868	:
	Profits	386.1	377.9 . 6.50.	Profits	<i>5</i> 713	6.40	1
	Per Share	6.6B	. 0.70	Per Share	5.74	3.09	ι
		ve Bell				_	
	1st Quar.	. 1981	1980	-Mssouri F		rp. 1985	4
	Revenue	270.1	292.8	4th Quar.	1 78 1	620.6	;
	Profits	4.94	8.05	Revenue	673.9 45.39	62U.D	1
	Per Share	0.39	0.64	Profits	45-39 2.89	2.85	1
	B	orden	•	Per Share	257 1981	1980	1
	4th Quar.	1981	1986	Year	2,520.0	2,240.0	1
	Revenue	1,600.0	1,100.0	Revenue Profits	194.3	166.1	1
	Profits	42.40	33,80	Per Share	12.35	10.56	•
	Per Share	1.44	1.13	Les 26194	للهدا		
	Year	1981	· 1998	Our stee	e Combi	•	5
	Revenue	4,410.0	4,590.0		& Gambii 1982	1981	8
	Profits	159.9	147.5	2nd Quar,	2,900.6	2.800.0	5
	Per Share	5.45	4.77	Revenue	191.0	158.0	•
	D-lab	oi-Myers		Profits	2.31	1.91	
		1981 1981	1980		1981	1986	1
	4th Quar. Revenue	671.0	803.7	1st Half	5.900.0	5.700.0	i
	Profits	80.73	· 71.35	Profits	414.0	352.0	
	Per Share	1.21	1.08	Per Share	5.01	4.25	ļ
	Year	. 1981	1988	Le Signation			•
	Revenue	3.500.0	3.160.0	Transw	orld Corp.		1
	Profits	305.8	270.6	4th Quar-	1781	1988	i
	Per Shore	4.58	4.08	Revenue	1,240.0	1,240.0	•
	,			Profits	9.2 Loss	14,7 Loss	,
	Consolid	ated Edisor		Per Share	0.76	1.24	
	4th Quar.	1981	1980	Year	1981	1980	J
	Revenue	1,120,0	998.0 -	Revenue	5,270.0	4,990.0	1
	Profits	84.40	61.20	Profits	64.3	67.6 2.84	1
	Per Share	1.17	0.81	Per Shore	2.30	24	1
	Year	1981	1760	11 e e	leei Corp.		•
	Revenue	4,860.0	3,940.0	4th Quar.	1921	1980	4
	Profits	407,4	293.1	Revenue	3.300.0	3.400.0	4
	Per Share	6.44	4.67	Profits	707.E	790.0	•
	Consolidate	ed Foods Co	era.	Per Shore	1.13	216	•
	2nd Quer.	1982	1981	Year	1981	1980	1
	Revenue	3,440.0	1,440.0	Revenue	13,900.0	72,500.0	1
	Profits	37.0	. 32.5	Profits	1,080.0	504.5	-
	Per Share	1.23	1.02	Per Share	12.07	5.77	•

37.9 1.23 1981 2.860.0 72.0 2.52 32.5 1.02 12.07 1989 2,860.0 65.8 2.16 1981 1,100.0 52.49 0.35 41b Quar. 1,100,0 44.13 0.33 1981 288.2 17.24 1.29 274.3 16.67 1.27 Profits..

Profils ... 4th Quar. Revenue.... Profits..... Per Share... Year evenue... ofits.... r Share. 1988 1,070.0 52.34 3,99 1961 1,140.9 63.95 4.81 Control Data Corp.

1980 768.0 36.20 0.95 1981 859.0 42.90 1,12 4th Quar Profits..... 1981 3,106,0 170,6 1986 2,770.0 150.6 4,23 Year Crown Zellerbach 1961 3,150.0 Year

6 Months

Revenue..... 97.40 3.46 Eastern Airlines 891,4 17,4 0.60 26.7 Loss 1.28 Loss Per Share.. 1988 3,450,0 1961 3,730.0 Year 17.4 LOSS 0.97 LOSS 65.9 Loss 3.44 Loss Profils_

E.F. Hutton 1981 405.0 23.60 27 1981 313.0 23.30 1.31 19**10** 1,130.0 1,440,0 78,80 4,31 Revenue..... 82.60 4.73 Golden West Financial

149.5 10.2 0.48 Revenue... 15.9 Loss 0.77 Loss 1981 624.1 1990 485.3 38.1 1.80 Year 19.2 Loss 0.93 Loss 1980 884.4 31.4 7.49 4th Quar, 1981 \$16.3 Revenue... Profits..... Por Share 1980 3,260.0 Year 1981 3.750.0

57.25 2.69

29.49 1.38

International Busin Opportunities

Morgan Stanley, but the price of their gasoline at the pump has

slipped by only half as much.

"The impression exists that the oil business has somehow fallen to pieces, but that is not true at all." remarked Todd L. Bergman, oil analyst for Goldman, Sachs. "The companies that properly perform the basics of the oil business production and refining - are still in very good shape, despite the softness of the market."

Industry analysts note, however, that the erosion of product prices appeared to be gaining strength in the closing weeks of 1981, as the recession began biting deeper into the U.S. economy. Henry L. Wojtyla, an analyst for the brokerage firm Rosenkrantz, Ehren-krantz, Lyon & Ross, predicted that the downward spiral of prod-uct prices would gain speed in 1982 and significantly erode oil companies' profits.

Analysts had expected Exxon and Standard Oil of California (the fourth largest U.S. oil company, which announced a fourth-quarter earnings decline of 7 percent), which are partners in the Arabian-American Oil Co. that produces the bulk of Saudi Arapia's oil, to record lower fourthquarter earnings because the Saudis raised their crude by \$2 a barrel Oct. 1 despite the global oil glut. But Exxon, which is more vulnerable to fluctuations in the U.S. dollar than other major oil companies, had a sharper slump than most analysts had projected. Exxon's earnings for the full

year 1981 were down 1.5 percent from 1980 results. Exxon said the strengthening U.S. dollar resulted in foreign ex-change translation losses of \$195 million in the 1981 fourth quarter in contrast to gains of \$222 million in the 1980 fourth quarter.

Japan Sets Plan to Drop Trade Bars

(Continued from Page 11) that a voluntary agreement Japan

enforced beginning last April 1 called for a 16.5 percent share of expected gains in total 1982 U.S. car sales to be added to the 1,680,000 quota on first-year Japanese car exports. He refused to predict, however, whether that provision would be carried out.

"Fundamental (to a decision on the second-year quotal is the severe condition of the U.S. auto industry," he said.

In a related development, the Finance Ministry announced Tuesday that Japan will lend importers about \$500 million from its foreign exchange account for emergency imports to reduce Japan's growing The dollars will be lent through

the Japanese Export-Import Bank for periods ranging from six months to five years at an interest rate equivalent to the six-month U.S. Treasury bill rate plus an Ex-Im fee of 0.125 percent.

Approval for lending under the system will be given between now and March 31, 1983, the ministry

The Ex-Im Bank also said the the amount of lending might be in-creased in the future, if the yen ap-preciates substantially against the dollar and the need for using Japan's external reserves for yen-sup-port operations dwindles.

Meanwhile, Michio Watanabe, Japan's finance minister and Harno Maekawa, head of the central bank, expressed concern over the recent sharp depreciation of the yen against the dollar.

Mr. Watanabe told a press con-

ference that the yea had depreciated a bit too much, falling apparently because of market expectations that the U.S. monetary policy may be righten again leading to a further rise in U.S. interest rates.

Mr. Mackawa said a close watch over the weakening trend of the yen is needed. He told a conference of the bank's branch managers that such a stance is necessary because the international situation is fluid and wide differentials remain between Japanese and overseas interest rates.

INTERNATIONAL **BUSINESS OPPORTUNITIES**



Opportunities using the Isle of Man

Finch House Management Services Limited is a Manx Company offering r men moose management services Limited as a Manx Company offering a wide range of corporate management services for clients wishing to use the Isle of Man as a base for international business activities.

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For information please contact Lloyd Thompson, F.C.C.A... at

FINCH HOUSE MANAGEMENT SERVICES LIMITED 24 Finch Road, Douglas, Isle of Man. Telephone: (0624) 29621/4. Telem 628335 Manner

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For Sale in St. Croix U.S. Virgin Islands Beachfront **Hotel Property**

Located on approximately 40 acres. Asking price: \$3,500,000 (U.S.) Available immediately. lable immediately. Grapetree Buy Hotel. 66 quest rooms and suites. Restou oo geest reams and souls a sausa, many, snack ber and pool bar. Swimming pool and 2 tennis courts. 1200 square feet available for shops. Recently added 2000 square foot Con-

centry acades 2000 square four con-vention Center.

Property located 3 miles from Chris-tiansted on Grapetiree Bay near the eastern tip of St. Croix. Purchase in-cludes approximately 40 acres of real estate under U.S. jurisdiction, all personal property and fixtures, staff quarters and houses for man-crement.

Qualified parties call
Peter Plass or Burt Chasnov,
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Toronto Stocks Closing Prices, Jan. 25, 1982

3318 AICO 1
7158 BP Con
4267 Bank N S
3318 Banoniza Oil
1100 Brailor Res
2500 Bromoten
1200 Comp
1

Floating Rate Notes

Banks Non Banks

GZB 516-472 151/h 2-5 599/h 999.

IBU 642-72 151/h 2-5 789/h 99.

IBU 642-72 151/h 2-5 789/h 99.

IBU 540-52 171/h 2-5 1001/z 101/h 101/h

Moët·Hennessy

INTERIM DIVIDEND INCREASED

At the meeting of 8th January 1982 the Board of Directors declared an interim dividend of Fr. 7 with a tax credit of Fr. 3.50, i.e. a total dividend of Fr. 10.50. In 1981 the interim dividend amounted to Fr. 6, and to Fr. 9 with tax credit.

This dividend is payable from 1st February 1982, against coupon No. 33. The Chairman stated that the activities of the group were very satisfactory

and confirmed that the turnover and consolidated results would be significantly higher for 1981.

REPUBLIC OF TUNISIA

SOCIETE TUNISIENNE DE L'ELECTRICITE ET DU GAZ



INTERNATIONAL TENDER OFFER

As part of its transport network development sub program N° 2, the Société Tunisienne de l'Electricité et du Gaz (STEG) is in the process of soliciting an international tender offer for the supply, the assembling and the set up of the following equipments:

- three autotransformers HT/HT - fourteen transformers HT/MT.

The entire equipment necessary for the construction of eight new HT/MT power stations and the extension of nine HT/MT existing

Contractors who are interested in the present offer, may obtain their tender files as of January 25th 1982 at the Head Office of the STEG:

"Département Equipement Réseau de Transport"

Building "F" 38, rve Kemal Ataturk Tunis, Tunisia

against payment of two hundred (200) Tunisian Dinars, or their equivalent in foreign currency.

The conditions of contract must be collected no later than February 12th 1982.

The state of the s

Total sales 4,301,822 shares

Montreal Stocks Closing Prices, Jan. 25, 1982

Canadian Indexes

Previou 294,26 1,721,30

ADVERTISEMENT

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The undersigned announces that as from 3rd February 1982 at Kas-Association N.V.. Spuistraat 172, Amsterdam, div.ep.no. 32 of the CDR's CBS INC... each repr. 10 shares, will be psyable with Dfls. 14,78 net (div.per record-date 11.25.1981; gross \$.70 p. sh.) after deduction of 15% USA-tax = \$ 1.05 =

Other 2.64 per CDR.

Disc. 2.64 per CDR.

Disc. 2.65 per CDR.

Disc. 2.6 AMSTERDAM DEPOSITARY

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 Amounts quoted are based on 1 year.

fixed time deposits.

• All interest paid is not and without de ductions (taxes, etc.) at source. sits are unconditionally guard

FRANC (French) 18,25%

Télex 643 189

DOLLAR (Con.) 17

We are pleased to announce that

John G. McCarthy, Jr.

has been elected a Senior Vice President

in our London office.

RUSSELL REYNOLDS ASSOCIATES, INC.

Executive Recruiting Consultants 1 Mount Street, London W1

BOSTON **NEW YORK** CHICAGO CLEVELAND DALLAS HONG KONG MADRID PARIS SAN FRANCISCO STAMFORD WASHINGTON, DC LOS ANGELES

PARANA MEDIO

International Public Invitation to Tender Nº 108/81

Agua y Energía Eléctrica Sociedad del Estado

Invites competitive bidding from consulting firms in order to select a contractor for consultancy services required for comprehensive review and critical analysis of documentation for the detailed design (Proyecto Ejecutivo) of Cierre Sur (Chapetón) (Main Dam at Chapetón), review and/or development of construction work and equipment schedules, updating of economic and financial studies, and the development of a project management organization chart.

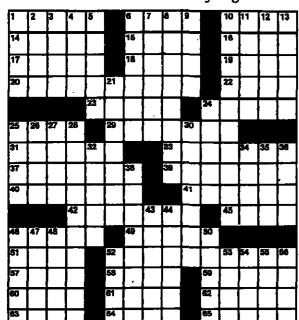
This International Invitation to Tender is open local consulting firms (either individually or associated), or for foreign ones belonging to countries holding diplomatic relations with the Argentine Republic. It shall be mandatory that foreign bidders be associated to one or more Argentine independent or syndicated consulting firms. The contract shall be awarded upon consideration of background, methodology, personnel involved in the work, and general qualification, together with the premise of reasonable pricing.

The tender dossier may be obtained from AyE. Lavalle 1554, 1er. piso, Oficina 107, (1325) Buenos Aires, República Argentina starting January 4, 1982 from 8:30 a.m. to 12:30 p.m. Price of each copy: TWENTY MILLION PESOS (\$ 20,000,000), (approximately u\$s 2.000).

Tenders may be submitted before 12 a.m., March 30, 1982 whereupon all bids shall be opened in the presence of interested parties attending at the time, and a record of the procedure shall be duly drawn up.



AGUA Y ENERGIA ELECTRICA



ACROSS 1 Chic 6 Kind of cure 10 Native of Avr 14 Spectrum item

15 Islamic title 16 One of the 17 Waft from the kitchen 18 It goes with 19 Kopeck, e.g. 20 In a sorry state

22 --- Gauche (Left Bank) 23 Clothing fabric 24 Genders 25 "There ought to be— 29 Kind of

barometer 31 Bailiwick 33 Survivor of Dunkirk: 1940 37 Disconcerts 39 Acetone, to

40 Dangerfield's 41 Scott heroine 45 "Simon 46 Sheet-metal

cutter 49 Greek actress 51 Kind of dancer **52** Fretful sorts 58 Crucifix letters

AMKARA ATHEMS

BEIRUT

AUCKLAND

BERLIN BOSTOM BRUSSELS BUCHAREST BUDAPEST BUENOS AIRES

CAPE TOWN

CHICAGO COPENHAGEN

COPENHAGEN
COSTA DEL SOL
DAMASCUS
DUBLIN
EDINBURGH
FLORENCE

FRANKFURT

GENEVA

HELSINKI

WEATHER

59 Keyboard material 60 Cartoonist who invented

Santa's colorful costume **61** Inlets 62 He wrote "Too Late the Phalarope" 63 Crumbs

anagram for 65 Run off together DOWN

64 French

1 "Get lost!" 2 Philippine Moslem 3 Asymmetrical 4 Group famed as fiddlers 5 Salvers 6 Wordina sequel title 7 Become known

8 Painter of mirrors 9 Deuce topper 10 They're above criticism 11 ---- de guerre

(French medal) 12 Word with green or branch 13 Works on a

MADRID

MILAN

PRAGUE

REYKJAVIK

ROME SALISBURY SAO PAULO

SEOUL SHANGHAI SINGAPORE STOCKHOLM

TEL AVIV TOKYO

TUMIS VENICE

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INTERNATIONAL FUNDS January 26, 1982

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DM 17.54 DM 64.38

\$1,8433 \$1,0055* \$1,0796 \$1,0233* \$ 19,35*

FIDELITY PO Box 670, Hamilton, Bermudo

(m) American Volues Common s 15.34

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(m) American Volues Common s 15.34

(m) Fidelity Amer. Assets 5.377

(d) Fidelity Autralia Fund 5.31,13

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ROTHSCHILD ASSET MGTM (CI):

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G.T. MANAGEMENT (UK) LTD

- (w) Berry Poc. Fd. Ltd.
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- (d) G.T. Investment Fund.
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UNION INVESTMENT Fronkfur

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SAH Special Fund ...
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Tokyo Poc. Holid (Seo).
Tokyo Poc. Holid (Seo).
Transpocific Fund...
UNICO Fund ...
UNICO Fund ...
Winchester Diversified

Other Funds

RIO DE JANEIRO

MANILA MEXICO CITY

photo 21 Bogota's

neighbor 24 "Pari -Rigoletto aria 25 Jewish month 26 Organ division 27 It follows amo 28 Requisites for Gibson girls 30 Use tracing

paper "Do—a Waltz?" 34 Optical layer 35 Start of a child's rhyme 36 Alexandrian and Napoleonic

38 "Give her the gas!"
43 Noted soprano of the past 44 Revoli 46 Crater explored by

Apollo 17 47 Abraham's bondwoman 48 Occur 50 Filch 52 Word with live

grandparents 54 Newspaper section, for short

(unwanted)

56 New Year's

-3 27 Foosy -25 -13 Fair -7 19 Snow -18 14 Overc 13 35 Fair 20 68 Fair 13 55 Foosy -10 14 Pair -3 27 Snow -3 37 Rain

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and the Market Control of the Contro











WATCH IT.

IS REALLY

ON THE

TODAY

WARPATH

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THE GENERAL

I'M HOPING THAT

YOU'LL INVITE ME

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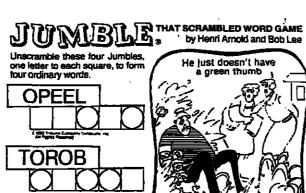












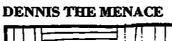
SUSTLY **FUNCED**



Now arrange the circled letters to form the surprise answer, as sug-Answer: NO!

Jumbles: LINER MINUS CHARGE PENMAN Answer Metal devices that help keep locks in place —HAIRPINS

Imprimé par P.I.O. - 1. Boulevard Ney 75018 Paris





"I still don't know which is the SEX AND WHICH IS THE VIOLENCE."

BOOKS

ALL THAT IS SOLID MELTS INTO AIR The Experience of Modernity

By Marshall Berman. 384 pp. \$17.50. Simon & Schuster, 1230 Avenue of the Americas, New York 10020.

Reviewed by John Leonard

CONTEMPLATING a story by Gogol in which a woman floats through the air on her own sleeves. Marshall Berman says, "Gogol seems to be inventing the 20th century out of his own head." Berman, a professor of political science at the City University of New York, improves on GogoL In this brilliant and exasperating book, he invents the last 200 years of Western intellectual history. Those who float on his sleeves include Goethe, Marx, Baudelaire, Dostoyevsky and the "spectral" city of St. Petersburg, According to Berman, all that is modern, in literature and the arts, in architecture and in politics, is sexy.

Sexy? Yes. You will wonder what happened to the wasteland and the abyss, to alienation and dissonance, to negation, repression, abasement, dread, entropy, anguish, gulag, inter-nal contradictions and bad faith. A remarkably cheerful Berman suggests that in the free market of modernity "everything is pregnant with its contrary." Among the contraries are flu idity, convergence, spontaneity, wonder, heroism, electricity, fusion, nourishment, joy and metamorphosis. We may not be happy, but just wait; we will never be bored. In the streets. something exciting will occur.

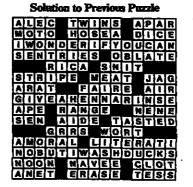
You probably thought that Part 2 of Goethe's "Faust" was tedious and abstract; Berman reads it as an epic of capitalist development and a meditation on the high human cost of utopian engineering. You might have imag-ined that Marx was unfriendly to the bourgeoisie: Berman, instead, gives us a Marx impressed by the liberating energies of the new middle class, a Marx who would enjoy a California be-in, a Marx who winks like Buddha. Didn't Baudelaire feel bad most of the time in Paris? On the contrary, on the boulevard, the poet was elated. Wasn't Dostoyevsky contemptuous and fearful of radicalism? Not so, says

Berman; he merely objected to the "routine" of modernization, not to the "adventure." As for St. Petersburg, the mother city of so many revolutions, well - even men who are modern need home and ghosts.

Berman knows the bad news: Lenin and Stalin and Hitler. He insists, however, on the good news; an underground that finds its collective voice and dances at its "primal scene." Like Antonio Gramsci, he indulges "pessimism of the intellect, optimism of the will." And he is a genius at quoting from others to his own advantage. In his previous book, "The Politics of Authenticity" (1970), he managed to make Montesquieu sound like a revolutionary. In this one, whose title is borrowed from "The Communist Manifesto," he makes Marx sound like a Dadaist or Cubist or Futurist or Constructivist. He ordains the joy of disintegration and renewal. Being modern means forgetting to say you're sorry.

Being modern also means being citified, like Dickens in London, Whitman in New York, Joyce in Dublin, Balzac and Baudelaire in Paris, Pushkin and Gogol and Chernyshevsky and Dostoyevsky and Mandelstam in St. Petersburg and Petrograd and Leningrad. The streets are for demonstrating, the vortex is a theater, the abyss is to swim in, the traffic jam is a pep rally, despair is fecund, internal contradictions breed chains of daisies, and the dialectic is a sex act.

In the cities, according to Berman, there is culture as well as macadam. Culture riots, just like the economy. Money, like art, begets images and fetishes. We seek, in politics and liter-ature and "public spaces," to be accommodated rather than commodi-



fied. Underground, "windowless monads," we want dignity and joy. Outside, jangled and pushed, we are what Joyce called "a shout in the

street. We will bounce free. By the very logic of capitalism, we will develop our own market; we will be "on the road and in the way," moving no matter how much we want to stay put. We melt into something new. Being mod-ern is being radical, not disposable.

Art for Art's Sake

Berman moves from the street to the interstate highway to explain why Robert Moses was the answer to Allen Ginsberg's question. "What sphinx of cement and aluminum hacked open their skulls and attention their skulls and attention their their skulls and ate up their brains and imagination." He compares Jones Beach, unfavorably, with Coney Island. He perceives American sky-scrapers as suburbs and exurbs, the terrible crystal palaces of Dostoyevterrible crystal palaces of Dostoyev-sky's dark imagination, denying the city and its shout. He is unkind to Daniel Bell, Michel Foucault, Tur-genev, the "art for art's sake" of Flau-bert and the "pure science" of Au-guste Comte. Being modern is being

new, whether we like it or not. He likes it, Berman. Seize the day and change the world. Modernism is "a permanent revolution," full of radical sunrise and great dawn. We synthesize ourselves, without tears. For-get the ghost of Mandelstam: "he roles the executions on his tongue like berries." Forget Conrad's Missah-Kurtz: "Exterminate all the brutes!" Forget the modernist reactionaries like Pound and Eliot and D.H. Lawrence. The erotics of the new will be as innocent as Berman and I imagined in the 1960s; Woodstock lives, and Karl Marx never sang at Altamont, and Molly Bloom is the girl next door.
"All That Is Solid Melts Into Air"

is a wonderful book, but it is secretly a novel. I've read Goethe, Marx, Baudelaire and Dostoyevsky, and I've been to Leningrad. Berman, generous and exuberant and dazzling, has been somewhere else, with a "shadow passport," inventing another history and literature, a romance of great ideas. I love this book and wish that I believed it.

John Leonard is un the staff of The New York Times.

Best Sellers

The New York Times This list is based on reports from more than 1,400 breakstores throughout the United States. Weeks on list are not necessarily consecutive.

FICTION

1 AN INDECENT OBSESSION, by Colleen McCullough... 2 THE HOTEL NEW HAMP-SHIRE, by John Irving... 3 NOBLE HOUSE, by James Cla-4 NO TIME FOR TEARS, by Cyn-

this Freeman.
5 SPRING MOON, by Bette Bao

REMEMBRANCE, by Danielle

Steele St

14 RED DRAGON, by Thomas Harris.

15 THE BOOK OF LIGHTS, by Chairs Potok

NONFICTION A LIGHT IN THE ATTIC, by Shel Silversicia A FEW MINUTES WITH ANDY

2 A FEW MINUTES WITH ANDY
ROONEY, by Andrew A. Roceny.
3 THIS LORD GOD MADE THEM
ALL, by James Herriot.
4 COSMOS, by Carl Sagna.
5 THE WALK WEST: A Walk
Across America, by Peter and Barbara Jenkins.
6 PATHFINDERS, by Gail Sheeby.
7 NEVER-SAY-DIET BOOK, by
Richard Simmons.
8 JANE FONDA'S WORKOUT
BOOK, By Jane Fonda
9 LAID BACK IN WASHINGTON, by Art Buchwald.

TON, by Art Buchwald...

10 ELIZABETH TAYLOR: The Last Star, by Kitty Kelley...

11 ELVIS, by Albert Goldman...

12 THE NEW JAMES BEARD, by James Beard...

13 AT DAWN WE SLEPT, by Gordon W. Pranse

BRIDGE

THOSE who like to test their skill In dummy play should cover the East-West hands on the diagramed deal and plan their moves in a contract of four spades. The opposing bidding should be taken into account: West has opened the bidding with one heart and subsequently bid clubs;

East has responded one no-trump.

In playing four spades, South has plenty of clues to the distribution. West's eagerness to show clubs at the three-level suggests that he has five cards in that suit as well as in hearts. And he must have at least one spade and probably two since East did not bid that suit in response to one heart.

The lead of the diamond deuce

looks very much like a singleton. Even if the card led were a higher spot. South should draw the same conclusion, for West's most likely contribu-tion, all things considered, is 2-5-1-5. There are two reasons for thinking that East has the ace or king of clubs. He played the diamond three on the

first round, which looks very much like a suit-preference signal for the low-ranking suit. West would proba-bly have led an A-K combination if he had been able to do so. So South has plenty of information. But how should he play? Any routine play is obviously due to fail. If he

draws trumps, he will have four losers. And if he does not draw trumps, East will gain the lead in clubs to give his partner a diamond ruff.

But if South had drawn the right

By Alan Truscott conclusion about the distribution, be can take advantage of the fact that West has only two trumps. He should take the spade are and the spade queen, and then lead his singleton

West must surely have the heart act for his opening bid if he is missing a top club. So if West plays low on the heart lead, the king is played from dummy. And if West takes the ace of hearts, the defense cannot take more than three tricks. And they will only get two as it happens if West fails shift to clubs.

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♣AQJ104 SOUTH

◆Q10987 OAKQJ **4853**

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A House Isn't a Home If There's No One in It

By Rob Hughes International Herald Tribune

LONDON - The concept of the Englishman's home as his castle now threatens his national game in a way visiting Americans find in-

Last weekend, an American houseguest and I went our separate sporting ways, I to work on a soccer cup match, he to a cinema in London to watch his beloved

SOCCER SCENE

San Francisco 49ers triumph in the Super Bowl. Traditions, and lack of time to coordinate our movements, split us up.

But as we swapped anecdotes, I grew to appreciate how much more I knew of the venue of his team's success than he of our stadiums, I had watched soccer and U.S. football, basketball and a pop festival in the Pontiac Silverdome; it would be very unlikely indeed to see anything but soccer in one of

And that essential difference, that English heritage of clubs' building and playing exclusively in their own homes, is now a very great burden on the game. Clubs here, having stood for a century, will go out of business before the

economic depression ends. Their castles are falling down around them. The stadiums are disintegrating edifices of a bygone economic age, run, alas, by men of outmoded ideals.

In most major English cities, for example, there are soccer teams struggling with crippling overheads, yet playing home games once a fortnight in otherwise deserted stadiums. And, often within a couple of miles, there is a "rival" stadium, representing the city's other team, lying fallow. The economics of it is mind-

boggling.
The new figurehead of the English Football League, Jack Dunnet, a solicitor and member of Parliament, is chairman of Notts County FC. That chub has a part cularly antiquated stadium that is costing more than the club owns to bring up to the Safety of Grounds Act. A bundred yards away is the stadium of Nottingham Forest, a recent European champion struggling to half-fill a ground in which the bank charges on a new £2.5-mil-

lion grandstand are horrendous. Nottingham's two clubs met in that stadium last weekend. The players were booed off the field, players who cost £1 million each and are not capable of attracting full houses at 14-day intervals.

Nottingham, it's true, is not a traditional soccer city. But Liverpool, which has two First Division

NBA Standings

MESTERN CONFERENCE

Menday's Result
Seattle 113, New York 99 (G. Will

It was incorrectly reported in

Switzerland. The race was a sla-

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Correction

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has two; and Birmingham and London, with more than a dozen major teams, are all equally intent on exclusive grounds.

There had been talk for decades that Arsenal and Tottenham would share a new sports stadium - talk that Spurs' spanking new £4.5-million grandstand ensures will come to naught. Chelsea, almost liquidated a few years back because of the financial millstone of its rebuilt ground, has equally stubbornly never found common ground to share with its close neighbors, Queen's Park Rangers

"Share our ground?" said Tommy Trinder, the music-hall comedian and onetime Fulham chairman. "I don't want to move in with my mother-in-law."

In Bristol, the Rovers and the City were in such cutthroat rivalry that when the civic rulers suggest ed they use the same ground some years ago, it was rejected as a violation of the rights of supporters. They would never, squealed direc-tors of both clubs, be seen dead visiting the other's patch to play

and train.

Even when fire burned Rovers' stand to the ground, the club preferred to use workmen's huts to change and to go on performing in a ghostly emptiness. City at that time was a First Division club, looking down dispassionately on

high-salaried players are now with a club heading for its third consecntive relegation, down into the Fourth Division, while Rovers are at least stable in the Third. And the agreement has come of necessinext season Rovers will abandon its little ground and start paying rent to share City's place.

If there is a next season. Bristol City is, like a good many lowerdivision soccer outfits, staring the bankruptcy courts in the face. Its manager, former Malmö coach Bob Houghton, has abandoned ship; its directors are trying to get rid of eight players whose £25,000a-year wage is simply not justified; and the players are calling in their union to try to prevent the club from taking out yet another bank loan to buy out their contracts.

Our American houseguest was fascinated by all this. Fascinated and grateful that when the United States began mapping out its boundaries without the hidebound burden of tradition, sports were placed where the franchise was best able to cope, and the sharing of stadiums was logical.

Even those whose instincts resist the Americanization of a game Britain gave the world know that it is suicidal to resist change for the clubs operating in grounds that alsake of it. Tradition is a useful most touch; Manchester, which word written on a tombstone.



Fans mobbed the motorized cable cars carrying the San Francisco 49ers.

little brother and signing players on huge, long-term salaries. But the bubble burst. Those For One Day, San Francisco Lost Its Cool

College Basketball Polls

HEW YORK — The Top Twenty fearns in The Associated Press' college busketboll poll, with first-place vetes in parentheses, this season's record and strain points, Points based on 20-17-18-17-16-15-14-13-12-11-10-9-0-7-6-5-4-2-2-1:

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xurî (30)

3. Virginia (9)

4. DePaul 5. Texes (1) 6. Jown 7. Kentucky 8. Oregon St.

a. Cregon St. 9. Son Francis: 19. Minnesota 11. Idaha 12. Arkansas 13. Alabama 14. Kansas St. 15. Tennessee

14, Tutso 17, North Carelina St. 18, Wake Forest 19, Franco St. 20, Villanova

2. North Carolina (15)

16. Tennessee 16. Tuisd 17. North Carolina St. 18. Fresso St. 19. Yillanova 20. Wake Forest

College Basketball

Selected Results Monday

EAST

A DePoul
5. Texas
6. Iowa
7. Oregon St.
8. Kentucky
9. Administra

United Press Inter NEW YORK — The United Press Inde of Board of Couches Top 2) college be rotings, with first-piece votes in persuant-less records and total points:

SAN FRANCISCO — For people who like to consider themselves laid-back, mellow and sophisticated, San Franciscans staged a wild homecoming for the

Super Bowl champion 49ers.

A crowd estimated by police at about 240,000 jammed the financial district and all the streets leading across town to City Hall on Monday in the largest street demonstration in the city since the end

Deputy Mayor Hadley Roff said he thought the crowd exceeded 500,000. "We're dealing with a total unknowable, and the numbers grew into a monstrous size," Roff said.

Spectators sat or stood dangerously on the ledges of tall office buildings. Others climbed traffic lights, trees, street signs and lamp posts. They blew red plastic trumpets, tooted whistles, honked horns, waved pennants and tossed around small footballs. Police said more than 100 persons were injured,

including six police officers. City's First Championship

When the parade finally began in the brilliant lateafternoon sunshine, the financial district came to a halt in celebration of the team's 26-21 victory over the Cincinnati Bengals on Sunday at Pontiac, Mich. The triumph provided the first world championship ever for a San Francisco professional sports team.

The 49ers' coach, Bill Walsh, their owner, Eddie DeBartolo Jr., and Mayor Dianne Feinstein sat in a 1934 Packard convertible ahead of seven motorized cable cars filled with players as the parade inched through the crowd.

"Unbelievable, unbelievable," Walsh said several times as he reached out to shake thousands of hands.

The players were hugged and kissed in an unabashed outpouring of emotion

A blockade of bodies across the wide expanse of Market Street forced the parade to change its route twice on its way to an awards presentation at City

Hall, where as many as 50,000 fans were pathered. That is where most of the trouble began. Thousands of spectators surged against police barricades in front of City Hall while the players were presented keys to the city. Police on horseback charged into the crowd and helmeted officers used their clubs to keep the spectators back.

"I hope it's another 35 years before we win another Super Bowl," said one distraught officer.

Heads High in Cincinnati

CINCINNATI (AP) - About 3,500 screaming, pennant-waving fans, oblivious to the snow and subfreezing temperature, jammed Fountain Square to welcome the Bengals home Monday despite their loss in the Super Bowl.

We didn't accomplish what we wanted to do.' said the Bengals' coach, Forrest Gregg, but the crowd didn't let him finish. "Next year, next year, next year," they chanted.

Super Cleanup

PONTIAC, Mich. (AP) - Super Bowl fans may have left their hearts in San Francisco, but they left about 630 tons of trash in the Pontiac Silverdome. Officials said it would take 60 workers almost three days to get the stadium clean again and the operation

Split on the Men's Tennis Tour: Our Computer Can Whip Yours

By Neil Andur

New York Tunes Service NEW YORK - For the players, it will mean more money. For the officials, there will be more headaches. For the public, the 1982 men's professional tennis circuit will be more confusing than ever, with conflicting tournaments and even conflicting computers.

The problem stems from rival circuits — the Grand Prix and World Championship Tennis which will stage separate \$300,000 tournaments for the first time this week in Philadelphia (the U.S. Pro Indoor of the Grand Prix) and Delray Beach, Fla. (WCT). Similar conflicts between the circuits will continue throughout the year, expanding the tournament schedule. prize money and player opportuni-ties, but further fragmenting the quality of the fields.

In Philadelphia, for example, McEnroe, Jimmy Connors and Vitas Gerulaitis are the topseeded players in a 64-player draw. The 16-player WCT clay-court event has Ivan Lendl, José-Luis Clerc and Eliot Teltscher.

What's at Issue

"The guy who arranged this cir-cuit must have been the same guy who devised the Rubik's Cube," said Alan King, the comedian and tennis patron, whose mid-April \$300,000 Grand Prix tournament in Las Vegas will compete against the WCT finals in Dallas.

The decision last April by Lamar Hunt to split his WCT operation from the Grand Prix grew out of differences between Hunt and the Men's International Professional Tennis Council.

Hunt contended that the ninetember council, which administers the men's game, demanded two conditions that WCT could not meet in 1982: that WCT idemnify the council in case of litigation involving a WCT event, and that WCT disband its player-management division. The split has left the Grand Prix with an 86-tournsment, \$17-million tour, while WCT will have 22 tournaments worth \$8 million this year.

But the differences, which do not apply to the women's tour, go deeper than simply tournament dollars. Because the Grand Prix will not recognize WCT results on its computer rankings, WCT will issue its own computer rankings, thus giving the sport not one but two versions of where players stand statistically. The two opera-tions also will publish competing periodicals, in addition to going head-to-head for television, sponsorship and marketing dollars. To orchestrate his tour. Hunt

hired a former member of the council, Owen Williams, as his executive director and chief adminis-

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Navratilova Beats Jaeger in Seattle

The Associated Press

SEATTLE - Martina Navratilova steamed past Andrea Jaeger, 6-2, 6-0, in the finals Monday night of a tennis tournament here. Navratilova, the No. I seed, needed only 41 minutes to defeat Jaeger, 16, who was seeded second. With the score tied at two games each in the first set. Navratilova won 10 straight games.

"She had some chances, but I seemed to come up with the big shots," Navratilova said. "I just kept rolling. If I keep playing like I played tonight, it will be difficult for anyone to keep close, It's been a long time since I've felt this good about my game."

In the doubles final, the No. 2-seeded team of Rosemary Casals and Wendy Turnbull upset the top-seeded team of Kathy Jordan and Anne

Open championships when the event was held at the West Side Tennis Club in Forest Hills.

"I think there's going to be fierce competition," Williams said the other day from Dallas, pessimistic on any hopes for an early truce. "The quickest on their feet, the ablest, are going to win. That doesn't mean WCT is going to be all-powerful. Some of our tournaments are weaker than others. But a lot of Grand Prix events are going to get hurt. Those that were weak will fall by the wayside. And maybe they should. Some of them have had prime spots just on the good graces of certain individu-

"We're walking a fine line," said Jerry Solomon, the director of the Grand Prix. "I just hope nothing blows up, but every week for the next few weeks will be interest-

ing."
The beneficiary will be the play-

NHL Standings WALES CONFERENCE

Calgary 3, Boston 3 (Bougeola (2), McDenald (21), Lovallee (20); K. Crowder 2 (15), McNob soto 9, Toronto 2 (Smith 3 (30), Heisans

resinesoro y, persino 2 (smith 3 (sti), Moleons-son (7), Broten (17), McCorthy (4), Clotrelli 2 (38), Palmer (18); Aubin (2), Govin (49)). Hortford & Chicago 5 (sullimon 3 (22), Francis 2 (18), Laroucho (18); Secord (31), Mulvey (18), Tuborko, Rubideer. Wilson (29).

trative officer. Williams was once ers. In 1981, 42 players earned in recruited to promote the U.S. excess of \$100,000 from Grand Prix events, including their season-

ending bonus pool.
"What you could see in 1982." Solomon said from Washington "is players who made \$60,000 last year pulling in \$120,000 this year."
But while the better players can
pick and choose spots, the public again may wonder how to separate the significance of anything other than the French, Wimbledon and

U.S. Open championships.
"I don't think the public will have a clue as to what's going on," Solomon said. "But I don't think they have for a while."

"I don't think the people are going to stand for it," McEnroe said recently, in assessing the 1982 season. "Personally, I think it's going to be a mess after last year, and you'll have nobodies winning tournaments. But they'll probably

blame the top guys for this, too." Lendi and Clerc already have committed themselves to four WCT events, according to Williams. McEnroe is interested but uncommitted, and Borg and Connors will play Las Vegas (thus

keeping them from Dallas).
Of course, Borg has his prob-lems with the Grand Prix, which has demanded that he sign for 10 tournaments (in addition to the Grand Slam events) or face qualifying in every event. For the moment, Borg, who is on a fourmonth break until April, has said he will play the qualifying rather than add any new commitments, leaving the council with yet another administrative problem

3 Upsets in Philadelphia PHILADELPHIA (UPI)

Johan Kriek, Brian Gottfried and Peter Fleming were upset Monday in the first round of the U.S. Pro Indoor championships.

Tim Mayotte upset Kriek, who was seeded fifth, 6-2, 7-6, and Gottfried, seeded eighth, was chiminated by Kevin Curren of South Africa, 6-4, 6-4. Chip Hooper downed Peter Fleming, who was unseeded, 6-2, 3-6, 6-3.

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ance. Paris 527 0193.

BACK-DOOR APPROACH - Lonnie Shelton of the Seattle SuperSonics came up under the basket trying to score around the New York Knicks' Maurice Lucas. Seattle won, 113-99.

Wadkins Holds On to Win **Phoenix Open Golf Event**

11 72 -11 732 -12 707 1
17 525 542
23 452 1145
24 639 12 United Press International The victory gave Wadkins eight PHOENIX — Lanny Wadkins, since he joined the tour in 1971. making good on his word to play aggressively in the final round, shot a 6-under-par 65 to win the Phoenix Open golf tournament, almost without a challenge.

Wadkins, winning for the first time in the last three years, started the final round Monday with a 4stroke lead, widened his advantage

> total of 263 and a 6-shot edge on Jerry Pate. Pate also shot 65 in the final round and, while he was no challenge to Wadkins, the former U.S. Open champ moved ahead of half a dozen players to grab second place at 269.

to 5 by the turn and then breezed

home to finish with a 21-under-par

Mike Reid closed with a 66 to finish all alone in third at 270. He was a stroke ahead of Morris Hatalsky, Larry Nelson and Andy Bean, who tied Pate and Wadkins for low bonors in the final round

Monday's International Herald Tribune that Phil Mahre had won by also shooting 65. a giant slalom ski race in Wengen. Wadkins' career on the professional tour has been erratic. In 1973 and 1977, for instance, he said Ingemar Stenmark had five won more than \$200,000, but in consecutive victories before the three of the last four years he has Wengen event. Stenmark has won had earnings of less than \$100,000. four World Cup events this season.

He trailed Nelson by 2 strokes after the first round in Phoenix and by 2 after the second. Then Wadkins shot a 63 to grab the

won last week's Bob Hope Desert Classic, wound up at 284:
Craig Stadler, who won the Tucson Open two weeks ago to start
the 1982 tour, and Tom Kite, the

leading money winner in 1981, finished at 274, while Johnny Miller was at 283 and Bill Rogers, the British Open champ, was at 285.

FOOTBALL NEW ENGLAND PATRIOTS-HOCKEY INDEXET

Intelliged Hockey Leasure

DETROIT RED WINGS—Sent Eric Vall, left
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MEW YORK RANGERS—Sent Mark Marri
CARRELL IN LITERATOR OF THE Mindes Linkships

Feirleich Dickinson 182. Lang Island U. 188 Georgetten, D.C. 72, Villanova 56 Hofstra 45. De-Hofstra 45, Defensors 53 Navy 74, Lycomins 47 St. Bonoventurs 30, Rutters 25 St. John's, N.Y. 71, Sefon Hall & Synocuse 69, Penn St. 68 West Virginia 72 Mar SOUTH Deviction 72, VMI St

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Reanote 76, Cathellic U. 67
South Carolina 101, W.Virsinia Tech 43
SW Louisiana 71, Louisiane Tech 51
Va.Commorrwechth 71, 3.Missiasiani 60
Vinsiala Tech 51, St.Louis 75 David Graham, the defending champion, finished far down the line at 279, while Ed Fiori, who MUDWEST

Evaporties & Derrot or Korson 22, Alcorn 51. 60 Loyola, III. 78, Butter 73 Notre Desne 55, Idoho 48, OT SOUTHWEST Lemer 71, Texas A-Fination 12, 45 Country 11, Texas A-Finati San Diego St. St. Air Force 57 Washington 76. Oregon 76 Wyoming 87. Hawaii 61

Nicol, defender; John Weisch, midfielder; am Hanz Henriksen, torward. TULSA—Bigned Franz Gerber, forward. COLLEGE
INDIANA STATE—Amountion of Still Hodges, head basks live at the end of the secons.

si toolbali coach. NOTRE DAME—Named Carl Seimer assist ant noticell cooch.
PURDUE-Nomed Chester Caddos, Ray Sterman and Jim Colletto assistant faatball cooches.

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A Right Smart o' Wind

By Russell Baker

NEW YORK — Watching television weather reporters rave about the wind-chill factor this winter has started me thinking about my Uncle Bruce and what a loss his passing was to the art of

cold-weather reporting. Neither the wind-chill factor nor the TV weatherman had been in-

vented in Uncle Bruce's lifetime. All he had to work with were nerve ends and instinct, but with these primitive gauges he could give a flawless reading on how cold you are going to be outside on a winter



morning. At the edge of the mountains in northern Virginia where we lived, winter could be "pretty cold," which was the entirely adequate report he often brought back after returning from a dawn trip down across the orchard to the barn where he milked the cows.

Everybody knew from this two-word report precisely how much had to be slightly thicker than what you wore when he reported "just a little ice around the spring," but not as heavy as you'd need when he answered, "mighty

Blizzards often howled down off the mountain when it was "mighty cold," and when Uncle Bruce came back banging the snow off his knee-high rubber boots his weather report was expanded to take note of the howling.

"How cold is it out there this morning, Bruce?"
"Mighty cold," he would say, then add: "There's a right smart o'

"Mighty cold" with "a right smart o' wind" meant the cold was as terrible as humans could possibly stand without turning brittle and cracking.

These four gradations of coldness were completely adequate for our survival purposes in winter. "Just a little ice around the spring"
— a tolerable day. "Pretty cold" winter will always be with us.
"Mighty cold" — button up tight.
"Mighty cold" with "a right smart

o' wind" --- well, man is born to

Uncle Bruce's right smart o' wind was intended to warn us against what is now called the wind-chill factor. Doubtless the wind-chill factor is a measurement of great scientific value, but for nonscientific purposes it is not in the same class with a right smart o'

The electronic weathermen going on and on this winter about incredible wind-chill factors tend to sound like the boy who cried wolf. On rising one morning re-cently I was astonished when one of them said that though the temperature was only zero or thereabouts the wind-chill factor would assault me with a frigidity equal to 55 degrees below zero if I left the house.

It took some courage, but I left the house anyhow. What a disappointment. I don't doubt the windchill factor made the outdoors feel as if the temperature were 55 degrees below zero, but there was no noticeable difference between the cold I felt in this amazing scientifically measured condition and what felt when Uncle Bruce reported those childhood mornings as "mighty cold" with "a right smart o' wind."

Uncle Bruce's weather reporting, of course, was just that: reporting. He didn't have to oversell winter to avoid losing a transmission-re-

pair sponsor.

Gee-whiz stories like "coldest winter since the 19th century," which have appeared in the news this month, would have baffled Uncle Bruce, for these are based on minute variations in thermometer readings and he paid little at-

tention to the thermometer. My grandmother kept one nailed to her front porch, but it was only there for a status symbol. Nobody ever consulted this thermometer before deciding how to dress on a winter's day. Everybody knew that 10 degrees

Fahrenheit was a relative thing which could be either tolerable and harmless or make your ears drop off, depending on whether the quality of wind motion was negligible or right smart.

Naturally Uncle Bruce noticed that some winters were harder than others. He didn't need scientific instruments for that. In a really hard winter the popcorn ran out

New York Times Service

Yves Saint Laurent the Melancholy

At 45, Yes, He Would Do It Over Again, Despite All the Anguish

By Hebe Dorsey

International Herald Tribune PARIS — In a what-price-glory interview, Yves Saint Laurent, who is celebrating the 20th anniversary of his fashion house this week, said that he had paid too dearly for the whole thing and that, given another chance, be would not do it all over again.

But later the same day he called to say: "Please, don't make it sound too sad. I just had a dreadful day, bad fittings and all that. Do say that I would do it all over again." Still one wonders. Saint Laurent, whose designing talent materialized into a \$200-million empire and won him worldwide fame and fortune, could not be shaken from a deeply melancholic mood.

The interview, which was more like a conversation, halting and slowed by pained pauses, took place in his small, paisley-lined, Napoleon III office during the preparations for this week's fashion showings. Saint Laurent, wearing a neat pin-striped business suit and chain smoking talked facing a portrait of an ancestor — a notaire from Alsace who was ennobled by the first Napoleon for having drawn up his wedding contract with Josephine.

Retains Adolescent Look

Saint Laurent has retained that ingratiating, vulnerable, slope-shouldered adolescent look that has made him, together with his real talent, the darling of the fashion press. "Yes, people al-ways tend to think of me as young," he said, "but I am not

young anymore. I am 45." A man whom many would envy, he sounded terribly unhappy and blamed just about every-thing and everybody — his early fame; his ambition, which he termed "very destructive"; his hypersensitivity; his internment in the psychiatric wing of Val de Grace Hospital during his military service. ("Those people," he said of the authorities, "destroyed me.") Finally, the pressure of having to produce four collections a year that has made his life solid angst.

That he had too much too soon was not a good thing, he said. "Dior hired me when I was 18. When he died in 1957, my

youth was finished. I was 20. Fame fell on me and certainly disrupted the whole course of my life. Because fame, in a way, and one notices it as one grows older, means solitude." He admitted that his work had its rewarding moments. "It liberated me. I was very shy, very uptight," he said.

Saint Laurent said that now "I live like a monk, I never go out anymore because my work absorbs me entirely. Even a conver-sation with a friend disturbs me for the next day. That means that I have to go home and live in si-

It is getting to be too much, he said. "But then I always paid too much, one way or another," he sighed. "It's too time consuming, that business of mine. I am not very strong -- and I'm beginning

very strong — and I'm beginning to feel my age and fatigue. " Asked if he was contemplating retirement, Saint Laurent, who, at another point said he felt his best years were behind him, re-plied: "It's hard to answer, because after this collection I must take care of myself, get myself at peace and decide my fate. I must decide whether I will go on with haute countre, if I give up readyto-wear, if I give up altogether — there are all kinds of questions which are very important to me because this rhythm can't go on. "My life is solid work," he

continued, "which is not normal, because it prevents me from going out, it prevents me from seeing people, it prevents me from seeing friends, it prevents me from," he paused, "leading a normal life. I live only in perpetnal distress and anguish What's the solution, if any?

"It depends on events," he said. "I could transform the house. I have that dream of having a big store, like in New York, that would give me a stimulation that I have lost a little bit. Because it's getting to be a bit the same, those collections four times a year. It gets to be routine.

"I find one should change now, given the events, today's life. I would like a big store, like Trois Quartiers, where I would keep feeding the haute couture department. But I would live without those dreadful deadlines and without stress."

He also indicated that he had found another, somewhat unex-



Saint Laurent: " Please don't make it sound too sad."

pected, escape from the pressure of work. At the suggestion of a psychotherapist who has been treating him for two years, he has visiting hospitals and started concentrating on the misery of others, giving both time and

"I cannot see a paper, I cannot turn on television, without each image tearing me apart. I cannot accept living the way I live when there is so much hardship around. There are so many miseries, I feel closer to life than to fashion dreams. I would like to help and to project myself in a totally different life, where I would be not the first one but the last one."

At times, Saint Laurent, who can be painfully modest, also appeared fully aware of his artisworth "Although couture is not an artistic profession," he said, "I have all the conditions to be an artist. I am very gifted. I could have been a painter, a writ-er, a theater decorator, I could

have been - I could have designed furniture."
Would he have liked that better? "No," he said, "because

fashion has brought me immense

happiness. Those twenty years still sound joyful, even if they sound the end of youth." A man who has changed the course of fashion more than once, Saint Laurent said he would show all his big themes today — pants, black treated as a color, lots of evening draped sheaths with big diamond plaques, rajah snits in pale brocades, and a new spencer suit — based on the style introduced by the second Earl Spencer in the early 19th century. No revolution, he said because I consider I've found my style, and I find fashion dies but style remains."

Saint Laurent added that, as far as he is concerned, Paris is still the fashion capital of the world. "I believe I could not create outside of Paris," he said. "Paris is my second heart."

PEOPLE: Pamela Mason Luses Control of Dad's Estate

A British court ruled that Holly-wood socialite Pamela Mason, former wife of actor James Mason, must relinquish control of her fa-ther's \$2.4-million estate. The court said she had acted "irresponsibly and unreasonably" in administering the estate. High Court Judge Sir Irvine Goulding said Mrs. Mason ran up "extremely high and extravagant" hotel and travel bills and fees in connection with the estate of the late Isadore Ostrer, a textile tycoon. Goulding ordered that control be transferred to a London accountant, Gordon MacAlistair, who will act as a judicial trustee. The application to oust Mrs. Mason was made by her stepsister, Isabella Blench, 25, who said she was delighted at the outcome. "Pamela has been ordered. to pay all her legal costs and some of mine. The rest of my costs will come out of the estate," Bleach said. "Pamela's costs are already well over £100,000 [about \$185,000], but she can afford it. She's a millionairess several times

Kenny Rogers, nearly repeating his sweep of a year earlier, won three awards at the ninth annual American Music Awards in Los Angeles. Rogers was chosen favorite male vocalist in the pop-rock category and his "Greatest Hits" was voted the top album among both pop-rock and country selections. He now has won an even dozen of the pyramid-shaped plex-iglass trophies, including four last year. In the favorite pop male vocalist and album categories, Rogers defeated the late John Lennon and his "Double Fantasy" album, recorded with his widow, Yoko Ono. Willie Nelson was chosen favorite male country singer and his "On The Road Again" was the favorite country single record. The only other multiple winner was "Endless Love," theme song from the film of the same name. Lionel Richie, who wrote the duet and sang it with Diana Ross, told reporters, "I think I'm dreaming. This couldn't be happening." A high point of the evening was a tribute to Sterie Wonder, who received a special Merit Award for his contribution to the music industry and also was voted favorite male soul singer. The American Music Awards winners are determined by a survey of the U.S. record-buying public.

Donald K. (Deke) Slayton, last of the original seven Mercury astro-nauts still active with NASA, says

he is being let go, but the space agency says it hasn't made a decision in the matter. But even if he is asked to stay on as director of the space shuttle test program, Slayton said, "I honestly don't know if I would." In a telephone interview, the former astronaut said he's "looking for another challenging job, hopefully in the aerospace industry. Slayton said he didn't expect to be working for NASA for, fire the third of four planned shuttle test flights, a seven-day manned flight scheduled March 22.

In the presence of the Spanish and Mexican ambassadors, opera tenor Placido Domingo brandished a sword like Manrico in "Il Trovatore" to slice a cake honoring the 10th anniversary of his debut at the Royal Opera House in London. "I interpolate from 'Di quella pira, " said Domingo, referring to Manrico's fiery aria in the popular Verdi opera. "I take the sword and cut the cake." It was 10 years agr that Domingo came to London to sing Cavaradossi in Puccini's "Tosca." He currently is starring there in a John Schlesinger staging of Offenbach's "The Tales of Hoffmann."

George Steinbrenner, owner of the New York Yankees, won TV Guide magazine's "Mr. Nice Guy Award" for the second year in a row. The award goes annually to the year's most boorish sports figure. Steinbrenner woo for a series of actions, including harrassing manager Gene Michael and humiliating his stars. He had to beat out George Brett of the Kansas Cityi Royals, who came in second when "he broke up two toilets, pushed in the face of a lady sportswriter, roughed up a gentleman sportswriter with her and, during the time he was nursing a sprained ankle, poked a photographer with a crutch." Nice Guys who finished last included three tennis stars last included three tennis stars -John McEnroe, Ilie Nastase and Vitas Gerolaitis.

King Carl XVI Gustaf and Queen Silvia of Sweden are spending a few extra days in Cancún. Mexico, following their seven-day official visit to Mexico. The king went deep-sea fishing while the queen sunbathed in the well-guarded isolation of a government retreat, according to guards assigned to them. They were to have returned to Sweden Sunday, but authorities said they decided to stay on to take advantage of the sun and

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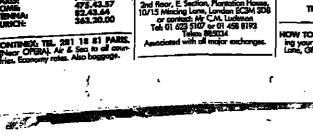
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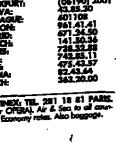
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